

AMENDED BYLAWS

ARTICLE I. MEMBERSHIP

SECTION I.I Eligibility for, Conditions to, and Status of Membership.

1.1.1. Any natural person, association, entity, body politic, or subdivision thereof, will become a member of Valley Telephone Cooperative, Inc. (hereinafter called the "Cooperative") upon receipt of telecommunications (VoiceNoIP) or other services ("hereinafter referred to simply as services") from the Cooperative as follows:

- a. Procuring the Cooperative's central office dial tone; or
- b. Providing a continuing periodic telecommunications or other service revenue stream for the Cooperative, consistent with rules of general application promulgated by the Board of Directors (hereinafter called the "Board"), prescribing the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership.

1.1.2. Membership is automatic and instantaneous upon receipt of services; however, each member shall do the following:

- a. Make a written application for membership and provide all documents required for the Cooperative's records;
- b. Agree to purchase services from the Cooperative in accordance with established tariffs, 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 policies, rules, and regulations adopted by the Board; and
- d. Pay any fee or obligation as hereinafter may be specified.

1.1.3. The status of all memberships shall be as reflected in the membership records of the Cooperative. Membership in the Cooperative may be evidenced by certificates of membership, available on request, provided that the Cooperative membership records shall control in the event of a conflict with the certificates. Memberships are not transferable except on the membership records of the Cooperative. The membership records shall be maintained in the central headquarters office in Raymondville, Texas. Each certificate shall provide as follows:

- a. The certificate is not transferable;
- b. The membership, if transferable, is transferable only as provided in these Bylaws and on the membership records of the Cooperative; and

- c. The certificate evidences membership only for such time as the named member qualified or qualifies as a member of the Cooperative in accordance with law and the Cooperative's Bylaws.

SECTION 1.2 Classification and Transfer of Membership.

1.2.1. The Cooperative may have one or more classes of membership. If the Cooperative has more than one class of membership, the definitions, types, qualifications, and rights of each class shall be proposed by the Board and set forth in these Bylaws upon approval by the members as an amendment to these Bylaws.

1.2.2. No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferable, except on the membership records of the Cooperative and as provided for in these Bylaws. All memberships in the Cooperative are extended only to individual persons (natural or business entity) who meet the requirements of Section 1.1. Individual memberships are freely transferable on the membership records of the Cooperative between any persons in the same household upon request from the member in writing.

1.2.3. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue; however, no new joint memberships will be established. References to a natural-person "member" refers to one natural person but can (on a grandfathered basis) be deemed to include a husband and wife still holding a joint membership. The effect of the foregoing is 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 joint membership is entitled to, and will be counted as, only one vote.
- c. A waiver of notice signed by either or both shall constitute a joint waiver.
- d. Notice to either shall constitute notice to both.
- e. Expulsion of either shall terminate the joint membership.
- f. Withdrawal of either shall terminate the joint membership.
- g. Either, but not both, may be elected or appointed as an officer or Board member if individually qualified.
- h. Upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 1.3 Membership Fees. No membership fees are required.

SECTION 1.4 Purchase of Services. Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The person shall pay monthly at rates in accordance with either established tariffs, 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 eligible for patronage treatment are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital in excess of cost as provided in these Bylaws. Each member shall pay the above amounts owed by the member to the Cooperative as and when the same shall become due and payable.

SECTION 1.5 Termination of Membership.

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

1.5.2. 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 membership records of the Cooperative. Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative, nor do unpaid bills release a member from obligations under these Bylaws or rules, policies, and regulations approved by the Board.

1.5.3. In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the former member the amount of any membership fee credited to the member's account, provided, however, that the Cooperative shall deduct from the amount of the membership fee or capital credits, if and when paid, the amount of any debts or obligations owed by the former member to the Cooperative.

ARTICLE 11.

RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

SECTION 2.1 Service Obligations. The Cooperative will use reasonable diligence to furnish adequate and dependable services, but the Cooperative cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member. The members pledge to purchase all services from the Cooperative to the extent that these services are able to meet the members' needs and are competitively priced.

SECTION 2.2 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 requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace, or enlarge telecommunications or broadband

lines (overhead or underground), including all conduit, copper and fiberoptic cables, wire, surface testing terminals, markers, and other appurtenances under, through, across, and upon any real property or interest therein owned, leased, or controlled by said member, for the furnishing of telecommunications service to any member or any other member, at no cost to the Cooperative. When requested by the Cooperative, the member agrees to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

SECTION 2.3 Nonliability for Debts of the Cooperative. The private property of members shall be exempt from execution or other liability for the debts of the Cooperative, and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 2.4 Distribution of Assets Upon Dissolution.

2.4.1. Upon dissolution of the Cooperative, assets of the Cooperative that remain after all third-party liabilities and obligations of the Cooperative have been satisfied shall be distributed as follows:

- a. First, to patrons for the pro rata return of amounts standing to their credit because of their patronage as provided in these Bylaws;
- b. Second, to members for the pro rata repayment of membership fees (if any); and
- c. Third, to members and former members as provided in Section 2.4.2.

2.4.2. Unless otherwise provided by law, any assets of the Cooperative remaining after retirement of outstanding capital credits and repayment of membership fees (if any) shall be distributed among the members and former members who have contributed patronage in the 10-year period preceding dissolution, based on the relationship that the outstanding patronage-capital balance of each member and former member bears to the total patronage capital for such period of all such members and such former members on the date of dissolution; 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 III.
MEETING OF MEMBERS**

SECTION 3.1 Annual Meeting. The annual meeting of the members shall be held on a date during the months of March, April, or May of each year at such time and place as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members and transacting such other business as may come before the membership. Except as otherwise provided in these Bylaws, the election of Board members shall be by mail ballot to be received by the Cooperative in person or

by mail on or before the date of the annual meeting under rules promulgated by the Board. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold an annual meeting at the designated time shall not result in forfeiture of the Cooperative's charter or dissolution of the Cooperative, nor affect the validity of any corporate action.

SECTION 3.2 Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Board members, by the President, by not less than 200 members, or by 10% of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place designated by the Board for the convenience of the members, and shall be specified in the notice of special meeting.

SECTION 3.3 Notice of Members' Meetings.

1.3.1. The Secretary shall deliver to each member not less than 10 days nor more than 25 days before the date of the meeting, by US mail, notice stating the following:

- a. the place, date, and hour of the meeting, and
- b. 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.

Such delivery shall be by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting.

3.3.2. Notice shall be deemed to be delivered as follows:

- a. When deposited in the U.S. Mail, addressed to the member at the address appearing on the record of the Cooperative, with proper postage thereon prepaid; and
- b. On the date shown on a written receipt when personally delivered.

3.3.3. 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 3.4 Postponement of a Meeting of the Members. In the event of inclement weather or the occurrence of a catastrophic event, the meeting of the members may be postponed by the President. Notice that the meeting has been postponed shall be given by the President in any media of general circulation or broadcast serving the area, and written notice by US mail stating the new date, hour, and place of the rescheduled meeting shall be given as provided in Section 3.3.

SECTION 3.5 Quorum. Business may be transacted at a duly noticed meeting of the members provided there are present in person at least 50 members or four percent of all members of the Cooperative, whichever is greater. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date. The Secretary shall notify any absent members of the time, date, and place of such adjourned meeting by delivering notice thereof as provided in Section 3.3.

SECTION 3.6 Credentials and Election Committee. The Board shall, at or prior to any meeting calling for a vote of the members, appoint a credentials and election committee. The committee shall consist of at least three but not more than five members who are not existing Cooperative employees, agents, officers, directors, or known candidates for director (each an "Excluded Person"), and who are not closely related to, or members of, the same household as any Excluded Person. "Closely related" means a person 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. A member appointed to the credentials and election committee may designate that member's spouse to serve on the committee in such appointed member's stead. The responsibility of the committee is as follows:

- a. To pass upon all questions that may arise with respect to the registration of persons eligible to vote;
- b. To count all ballots cast in any election;
- c. To rule upon the effect of any ballots, vote irregularity, or indecisively-marked or -cast ballot or vote; and
- d. To rule upon all other questions that may arise relating to member voting and the election of directors.

In the exercise of its responsibility, the committee may have available to it the advice of an attorney provided by the Cooperative, and Cooperative employees to assist as directed by the committee.

SECTION 3.7 Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All issues with respect to voting shall be governed according to the latest edition of Robert's Rules of Order used by the Cooperative, unless otherwise specified by law or the Articles of Incorporation. There shall be no voting by proxy, and no natural person shall be the delegate of, or cast the vote of, more than one member. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to or at each member meeting, of evidence satisfactory to the election committee entitling the person presenting the same to vote. All questions, except those involving multiple-choice issues or determinations, shall be decided by a vote of a majority of the members voting thereon, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple-choice issues or determinations shall be decided by a plurality vote if so designated by the Board. Voting by mail shall be permitted under rules promulgated by the Board.

SECTION 3.8 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:

- a. Determine the existence of a quorum;
- b. Reading and proof of due notice of the meeting or waivers of notice of the meeting;
- c. Call for additional ballots to be turned in;
- d. Approval of minutes of previous meetings of the members and the taking of necessary action thereon;
- e. Presentation and consideration of reports of officers, directors, and committees;
- f. Election results;
- g. Unfinished business;
- h. New business;
- i. Adjournment.

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 item of business, the transaction of which is necessary or desirable in advance of any other item of business. Each time a meeting is convened or reconvened, a quorum must first be established before any business may be transacted.

ARTICLE IV. BOARD OF DIRECTORS

SECTION 4.1 General Powers. All business and affairs of the Cooperative shall be managed by the Board which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members. There shall be one director for each Member District, provided that there shall always be at least five directors for the Cooperative as required by law.

SECTION 4.2 Election Process and Tenure of Office. Directors shall be elected by a secret ballot at each annual meeting of the members, by and from the members, to serve for a term of three years or until their successors shall have been elected and shall be qualified. Vacancies are addressed in Sections 4.7 and 4.8. The terms of the directors shall be set so that one-third of the directors, as nearly as possible, is elected annually. As directors' terms expire, the members shall elect their successors to serve until the third-succeeding annual meeting after their election. If an election of directors is not held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing directors within a reasonable time thereafter. One director for each Member District for which a director is to be elected shall be elected by a plurality of the members voting. Voting may be in person or by mail as provided in Section 3.7.

SECTION 4.3 Qualifications. A person shall be eligible to become or remain a candidate for director, or a director of, the Cooperative who satisfies the following

qualifications:

- a. Is at least 21 years old, less than 80 years old, a citizen of the U.S. and a natural person member in good standing whose principal residence is located in the Member District to which the person has been, or is to be, elected "Principle residence" (for all purposes under this Section 4.3) shall be a residential property that is occupied by such person for at least a majority of the time during the preceding 12 months;
- b. Does not use, or seek to use, the position of director for selfish or political purposes, or to gain special privileges or services not generally available to all the members;
- c. Is not in any way employed by, or financially interested in, a competing enterprise or a business engaged in selling telecommunications service or supplies, or constructing or maintaining telecommunications facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telecommunications;
- d. While a director, and during the three (3) years immediately before becoming a director, has not been convicted of, or plead guilty to, a felony or a Class A misdemeanor;
- e. (i) Is not currently an employee of the Cooperative; and (ii) is not closely related (as defined in Section 3.6) to an incumbent director or employee of the Cooperative. However, no incumbent director shall lose eligibility to remain a director or to be reelected 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. The Cooperative may 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;
- f. Maintains his or her principal residence in the Member District for which such director was elected;
- g. Is able and willing to regularly attend Board meetings and required conferences and training programs. Any director, who has failed in any consecutive 12-month period to attend more than half of the Board meetings, or required conferences and training programs, may be removed as a director.

SECTION 4.4 Member Districts.

4.4.1. The territory served by, or to be served by, the Cooperative shall be divided into Member Districts by the Board. The purpose of the Member Districts is to facilitate geographic representation of the various exchanges by having one director from each

Member District on the Cooperative's Board. Each Member District shall contain complete exchanges within the same general geographic area. Such Districts currently are as follows:

- DISTRICT# 1 - Port Mansfield and San Perlita Exchanges**
- DISTRICT# 2 - Stillman Exchange**
- DISTRICT # 3 - Lasara Exchange**
- DISTRICT# 4 - Hargill and Encino Exchanges**
- DISTRICT# 5 - San Isidro Exchange**
- DISTRICT # 6 - McCook and El Sauz Exchanges**
- DISTRICT# 7 - Artesia Wells and Annarose Exchanges**
- DISTRICT # 8 - Millett and Fowlerton Exchanges**
- DISTRICT# 9 - San Miguel and Tilden Exchanges**
- DISTRICT #10 - Concepcion and Mirando City Exchanges**

4.4.2. The Board may review the composition of the Districts from time to time. If inequalities in representation have developed which can be corrected by a redelineation of District boundaries, the Board may redefine the several District boundaries to improve representation of the membership. No such action shall result in the shortening of the term of an incumbent Director. Any such redefinition of District boundaries shall be done at least 30 days before the Board appoints any member to the nominating committee.

SECTION 4.5 Nominations and Election of Directors.

4.5.1. The nominating committee for director elections will be comprised of Cooperative members (or their respective spouse-designees) who are natural persons residing in each of the Member Districts from which a director is to be elected. A member appointed to the nominating committee may designate that member's spouse to serve on the committee in such appointed member's stead. The nominating committee members shall be appointed as follows:

- a. Approximately six (6) months (at the Board's discretion) before the date of a meeting of the members at which directors are to be elected, the Board shall appoint, to serve on the nominating committee, one member from each District from which a director is to be elected;
- b. Each nominating-committee member appointed by the Board (or such appointed member's spouse-designee) shall appoint two other members residing in that Board-appointee's District to serve on the nominating

committee. Either or both of the two other members so appointed may designate that member's spouse to serve in that member's stead on the nominating committee.

No member of the Board may serve on the nominating committee. The committee shall prepare and post at the principal office of the Cooperative, approximately five (5) months (at the Board's discretion) before the meeting, a list of nominations for directors.

4.5.2. Any 15 or more Cooperative members, acting together and residing in a District from which a director is to be elected, may make other nominations from their respective Districts by petition presented not less than four (4) months and 10 days prior to the meeting of the members. The Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted.

4.5.3. Any incumbent director residing in a District from which a director is to be elected may be a candidate by so advising the Secretary in writing not less than four (4) months and 10 days prior to the meeting of the members. The Secretary shall post such candidacy at the same place where the list of nominations made by the committee and by petition is posted.

4.5.4. At least two (2) months before the meeting of the members, the Secretary shall provide notice to members

- a. The names and addresses of the candidates arranged by Districts, specifying the nominations made by the committee, the nominations made by petition (if any), and any incumbent director candidate; and
- b. The ballots to be used at the election, which may be delivered to the different Member Districts at different times, separately from or with the notice of meeting. The ballot to be used at the election shall list the names of the candidates nominated by the committee, the names of the candidates nominated by petition, the names of any incumbent director candidates, and all propositions to be voted on by the members.

4.5.5. The directors shall be elected at large by ballot in all Member Districts. The candidates receiving the most votes shall be declared elected as directors. Except where a specific-percentage vote is required by law or by these Bylaws, a proposition shall be considered passed by the members upon a plurality vote. Failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of directors.

4.5.6. The duties of the Secretary and the nominating committee in sub-sections 4.5.1, and the duties of the Secretary in Sections 4.5.2, 4.5.3, and 4.5.4 may be delegated to others.

SECTION 4.6 Removal and Resignation of Board Members.

4.6.1. Any Cooperative member may bring charges against a Board member relating to the duties and responsibilities of the director's position and, by filing with the Secretary such charges in writing together with a petition signed by at least 10% of the members of the Cooperative, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least 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 shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members. No director shall be removed from office unless by a vote of two-thirds of the total members voting. 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 nominations. The successor so elected shall serve until the next annual meeting of the members, at which time the membership shall vote to fill the unexpired portion of the term of the removed director.

4.6.2. Any director may submit a written request to the Board President for the removal of another director (the "Subject Director"), based on (a) the Subject Director's misconduct or bad or inappropriate behavior if such misconduct or behavior could reasonably be expected to be damaging to the Cooperative; (b) the Subject Director holding office in violation of any of the qualifications set forth in Section 4.3; or (c) the Subject Director's failure to adequately perform his or her duties and responsibilities as a Board member. The written request must include the name of the Subject Director, a detailed description of the alleged misconduct, behavior or performance issues in question, any supporting evidence or documentation, and the requesting director's signature. Upon receipt of the written request for removal, the Board President shall call a special meeting of the Board for the purpose of considering the removal. The Subject Director shall be informed in writing of such removal request and be provided with a written copy of such removal request at least 10 calendar days prior to the special meeting of the Board at which the removal is to be considered. The Subject Director shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect of the request, and the director of directors making such request shall have the same opportunity. At the special meeting of the Board, the Board may remove the Subject Director as a member of the Board by the affirmative vote of not less than two-thirds of all members of the Board; provided, however, that (i) the Subject Director shall not have a vote on the matter; and (ii) the Subject Director seat shall not be included in determining whether the two-thirds voting threshold has been met. The subject Director shall leave the meeting prior to the vote being deliberated and conducted.

4.6.3. A director may resign at any time by written notice delivered to the Board, 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.

4.6.4. A director will be required to resign on the date of his or her 80th birthday, regardless of the time remaining in his or her term.

SECTION 4.7 Catastrophic Loss of Board Members. In the event of a catastrophic loss wherein two or less Board members remain, the remaining Board member(s) (if any), the Cooperative's general manager, and the members of Cooperative's management team (employees who report directly to the Chief Executive Officer) shall appoint, through consensus, one member from each Member District for which there is a director vacancy to serve as an Interim Director. Each such Interim Director shall serve until the next regularly scheduled annual meeting of the membership that is at least six (6) months after the catastrophic loss, at which time all such appointed positions shall stand for election for the unexpired portion of the term of the Vacated Director Position for which such Interim Director was appointed or for a new 3-year term, as applicable, such that one-third of the directors, as nearly as possible, continue to be elected annually in accordance with Section 4.2.

SECTION 4.8 Other Vacancies. How board vacancies may be filled.

4.8.1. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Board members by the members, and the catastrophic loss of Board members, a vacancy occurring in the Board because a Board member resigns, dies, is removed from the Board, or otherwise becomes incapable of acting, (a "Vacated Director Position") shall be filled by the affirmative vote of a majority of the remaining Board members, though less than a quorum, provided there remain at least three Board members. Any such successor shall serve as a director for the shorter of (i) the unexpired term of the Vacated Director Position, or (ii) the date of the next annual meeting of the members that is at least three (3) months after the vacancy has been filled, at which time the membership shall vote for the successor to fill the unexpired portion of the term (if any) of the otherwise Vacated Director Position.

4.8.2 In the event (i) a vacancy is not filled by the Board within three (3) months 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. Any successor, whether chosen by the Board or the members, must have the qualifications for office set forth in Section 4.3.

SECTION 4.9 Compensation. Board members shall, as determined by resolution of the Board, receive a fixed fee 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, by Board resolution, may be extended various forms of liability, accident, life, and health insurance as well as participation in any other benefits provided to employees.

SECTION 4.10 Rules. Policies. Regulations. Rate Schedules. and Contracts.

The Board shall have authority 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 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 4.11 | Accounting Systems and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws, rules, and regulations of any regulatory body, shall conform to such accounting system as may from time to time be required by the applicable governmental and regulatory authorities having jurisdiction over the Cooperative. The Board shall also cause to be made by a certified public accountant a full and complete annual audit of the accounts, books, and financial condition of the Cooperative. The results of such audit shall be reported to the members at the next annual meeting of the members.

ARTICLE V. MEETINGS OF THE BOARD

SECTION 5.1 Regular Meetings. A regular meeting of the Board shall be held monthly at such time and place as designated by the Board, and may be conducted through the use of telecommunications and/or video conferencing equipment by means of which all persons participating in the meetings can communicate with each other. Such regular monthly meetings may be held without notice other than the resolution fixing the regular time and place thereof and instructions for telecommunications and/or video conferencing event. Participation in any such telecommunications and/or video conferencing event will constitute attendance and presence in person at the meeting of the persons so participating.

SECTION 5.2 Special Meetings. Special meetings of the Board may be called by the President or by any three Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Board members calling the meeting shall fix the time and place for the holding of the meeting. Unless specifically prohibited by law, special Board meetings may be conducted through the use of telecommunications and/or video conferencing 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 5.3 Notice of Special Board Meetings. Unless such notice be unanimously waived, written notice of the time and place (with instructions for any telecommunications conference event) for any special meeting, and purpose of any special meeting of the Board, shall be delivered to each Board member 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. Such notice shall be deemed to be delivered as

follows:

- a. When deposited in the U.S. Mail or with a nationally recognized overnight delivery service, addressed to the Board member at the Board member's address as it appears on the records of the Cooperative, with proper postage or delivery fee thereon prepaid, at least five days before the date set for the meeting; or
- b. When sent by e-mail or facsimile at least five days before the date set for the meeting.

SECTION 5.4 Quorum. So long as any vacant director positions represent no more than one-third of the number of positions on the Board, a simple majority of the directors remaining shall constitute a quorum. In the event more than one-third of the positions on the Board are vacant, then two-thirds of the directors remaining shall constitute a quorum. If less than such quorum is present at a meeting, a majority of the Board members present may adjourn the meeting until a quorum is reached. 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 or by the parliamentary procedure or special rules adopted by the Board. Board members may not vote by proxy at any regular or special Board Meeting.

SECTION 5.5 Unanimous Consent in Writing. Unless otherwise prohibited by law, Board actions may be taken without a meeting and without a vote if unanimous consent of the Board is obtained in writing setting forth the action taken in detail and the document is signed by all Board members entitled to vote.

ARTICLE VI. BOARD OFFICERS

SECTION 6.1 Number and Titles. The officers of the Cooperative shall be Board members and shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board. The offices of Secretary and Treasurer may be held by the same person. The offices of Secretary and Treasurer may include such designated or authorized assistants as the Board deems necessary to perform the administrative functions of such office.

SECTION 6.2 Election and Term of Office. The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by and from the Board at the first meeting of the Board held after the annual meeting of the Cooperative members. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of members, or until a successor shall have been elected and shall have qualified, provided, however, that an officer who ceases to be a director ceases to hold office. Except as otherwise provided in these Bylaws, a vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 6.3 Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by a simple majority of the Board members voting at a meeting whenever in the Board's judgment the best interests of the Cooperative will be served thereby.

SECTION 6.4 Board President. The President shall have the following duties:

- a. Be the principal executive officer of the Board and unless otherwise determined by the members of the Board, shall preside at all meetings of the Cooperative members and the Board;
- b. 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.

SECTION 6.5 Board Vice President. In absence of the President, or in the event of the President's 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 may be assigned by the Board.

SECTION 6.6 Board Secretary. The Secretary shall be responsible for the following:

- a. Keeping the minutes of the meetings of the Cooperative members and of the Board in books prepared for that purpose;
- b. Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- c. Keeping the corporate books and records and the Seal of the Cooperative safe, 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 mailing addresses of all Cooperative 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; and
- f. In general performing all duties incident to the Office of Secretary and such other duties as may be assigned by the Board; provided, however, that the Secretary shall have authority with the approval of the Board to delegate to the General Manager the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section.

SECTION 6.7 Board Treasurer. The Treasurer shall be responsible for the following:

- a. Custody of all funds and securities of the Cooperative;
- b. Receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposits of all such monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws; and
- c. The general performance of all the duties incident to the Office of Treasurer and such other duties as may be assigned by the Board; provided, however, that the Treasurer shall have authority with the approval of the Board to delegate to the Chief Executive Officer the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section.

SECTION 6.8 Managerial Officers .

The board shall hire and elect by resolution a Chief Executive Officer. The Board shall also elect by resolution other Management Officers.

SECTION 6.9 Compensation. The powers, duties, and compensation of officers, agents, and employees shall be fixed, or authorized, by Board policy, subject to the provisions of these Bylaws and applicable law.

SECTION 6.10 Reports. The fiscal 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 7.1 Indemnification. Persons are to be indemnified by the Cooperative in accordance with the provisions of Section 162.079 of the Texas Telephone Cooperative Act {which incorporates by reference Article 2.22A of the Texas Non-Profit Corporation Act, now Chapter 8 of the Texas Business Organizations Code), as such Acts shall be amended and recodified.

ARTICLE VIII.

NON-PROFIT OPERATION

SECTION 8.1 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 Cooperative members and patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons. All provisions of the Cooperative's Bylaws and contracts with its Cooperative members and patrons relating to the disposition of revenues and receipts shall be construed consistent with the establishment and maintenance of the Cooperative's non-profit and cooperative character.

SECTION 8.2 Patronage Capital in Connection With Furnishing Telecommunications and Information Services.

8.2.1. In the furnishing of telecommunications or other services, the Cooperative's operations shall be so conducted that patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to ensure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its cooperative members for all amounts received and receivable from the furnishing of telecommunications or other services in excess of operating costs 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 cooperative member all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year, as required by law the amount of capital, if any, so furnished by each cooperative member is clearly reflected and credited in an appropriate record to the capital account of each patron member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each cooperative member of the amount of capital so credited. All such amounts credited to the capital account of any cooperative member shall have the same status as though it had been paid to the cooperative member in cash pursuant to a legal obligation to do so and the cooperative member had then furnished the Cooperative corresponding amounts for capital.

8.3 All other non-patronage sourced income received by the Cooperative from its operations in excess of costs shall, insofar as permitted by law, be treated as follows:

- a. Used to offset any losses incurred during the current or any prior fiscal year;
- b. Allocated to its patron members on a patronage basis, and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board; or

- c. Used by the Cooperative as permanent non-allocated capital.

The amount to be credited to the capital accounts of members based on their patronage shall be no less than the greater of the alternative minimum taxable income or regular taxable income of the Cooperative resulting from their patronage as determined under Federal income tax law.

8.3.2. The Board shall have the authority to prescribe a fair and equitable treatment for any loss, including by way of example and not by limitation, carrying forward of any loss to offset future of telecommunications services. Losses subject to this paragraph shall be determined in the same manner and method that patronage capital is calculated and allocated to members as provided above with respect to the pre-existing obligation to allocate patronage capital.

8.3.3. In no event shall any member be required to fund a deficit patronage-capital account. However, the Board may, through policy, establish reasonable guidelines under which a former member, whose membership ceased when such member's patronage capital account reflected a deficit, will be charged with such deficit in such member's patronage capital account in the event such former member resumes service with the Cooperative, hence becomes a new member.

8.3.4. In the event of dissolution or liquidation of the Cooperative, after all outstanding third party 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 to members or former members under sub-section 2.4.2.

8.3.5. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to the successors in interest or successors in occupancy in all or in part of such patron's premises serviced 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 negotiate capital credit settlement arrangements with bankrupt patrons or estates of deceased natural-person patrons.

8.3.6. 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. The Board is specifically authorized to establish such capital credit retirement programs for specific classes of patrons as the Board deems is in the best interest of the Cooperative.

8.3.7. The Board, as its discretion, shall have the power at any time upon the death of any natural person patron, if the legal representative of the estate 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 shall agree upon; provided, however, that the financial condition of the Cooperative **will** not be impaired thereby.

8.3.8. 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, 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 minimum amount determined by the Board, and the amount of capital credits qualifying for retirement exceeds the minimum 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 are considered furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Article of these bylaws.

8.3.9. 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 (1) between the Cooperative and each patron, and (2) among all the patrons themselves individually. Both the Cooperative and the patrons are bound by such contract, as fully as though as 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 Section 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 distribution by the Cooperative to its patrons.

8.4 Exchange carriers, interexchange carriers, information service providers, and all other telecommunications entities for membership and patronage allocation only to the extent they utilize the cooperative's basic telecommunications or other services in the ordinary course of administrative affairs of their business. However, neither such entities nor their customers are eligible for Cooperative membership or patronage allocation by virtue of any of the following:

- a. Their purchase of access or related telecommunications or other services;
- b. Their purchase of equipment;
- c. Their joint participation with the Cooperative in the provision of telecommunications or the services;
- d. Their payment or regulatory-support program fees or assessments;
- e. Their payment of interconnection fees; or
- f. Their purchase of resale of any of the Cooperative's services;

SECTION 8.3 Profits Received in Connection With Investments in Subsidiaries and Affiliates.

In the event the Cooperative recognizes income or losses in connection with its investments in subsidiaries or affiliates, such amounts may, insofar as permitted by law, be treated by the Cooperative in such manner and in such amounts as the Board deems equitable (including, by way of example and not by limitation, as permanent capital and/or allocations to member/patron accounts).

SECTION 8.4 Capital-Credit Assignment Agreement.

Natural person members are required, as a condition of membership and upon application for telecommunications service with the Cooperative, to designate a beneficiary to receive the capital credits accrued in such member's account upon the death of the member. Members are also required to provide a forwarding address and keep such address current should the member move.

The Cooperative will pay capital credits to any bona fide member or, if the member is a natural person member who has died, the member's authorized beneficiary, as supported by required documentation and in accordance with these by-laws. If, for any reason, a deceased natural person member has not made a beneficiary designation as required under this Section or if the beneficiary designation is ineffective for any reason, the Cooperative will pay capital credits as permitted under Section 8.2.8 and the other applicable provisions of these Bylaws. Three years after date of issuance of a capital credit check, if the check has been returned or not been cashed, the capital credit funds will be turned over to the state as part of unclaimed property in accordance with state law. Should a member or authorized beneficiary at any time prior to the date capital credit funds are turned over to the state, contact the Cooperative and request a reissuance of the check for such funds, the member or beneficiary must present sufficient documentary evidence to establish the member's/beneficiary's identity before the Cooperative is obligated to pay the assigned capital credits to the member/beneficiary. Any claim for capital credit funds made after the date capital credit funds are turned over to the state should be directed to the Comptroller (as required by the Texas Property Code and other applicable state law), and the Cooperative will have no liability for any such claim; provided, however, that the Cooperative may, in its sole discretion, evaluate and pay any such claim if it deems appropriate and thereafter seek reimbursement from the Comptroller as permitted by applicable law.

ARTICLE IX.
DISPOSITION OF PROPERTY

SECTION 9.1 Pledging of Property. The Board may, without authorization of the members, authorize the execution and delivery of a mortgage or deed of trust, or the encumbering of any property of the Cooperative, including property to be acquired and the revenues from property of the Cooperative, to secure any indebtedness of the

Cooperative to the United States Government or any lending institution licensed by the United States or a state.

SECTION 9.2 Other Pledge, Lease, or Disposition of Property. Except as provided in 9.1., the Board may not dispose of, lease, or encumber all or a major portion of the Cooperative's property unless the disposition, lease, or encumbrance is authorized by the affirmative vote of at least two-thirds of all of the members of the Cooperative.

SECTION 9.3. Disposition or Lease of Major Portion of Property. The Board may, upon the authorization of two-thirds of all of the members of the Cooperative at a members' meeting, dispose of or lease all or a major portion of the Cooperative's property to any of the following:

- a. Another telephone cooperative;
- b. A foreign corporation doing business in the State of Texas under the Telephone Cooperative Act; or
- c. The holder of a note, bond, or other evidence of indebtedness issued to the United States or to a lending institution licensed by the United States or another state;

provided that the meeting at which such two-thirds of all of the members authorized the disposition or lease of the Cooperative's property was preceded by a notice of meeting that stated the proposed action.

SECTION 9.4 Transfer of Substantially All of Property. The Board may transfer substantially all of the Cooperative's property upon approval by a two-thirds vote of all the members of the Cooperative. The vote must be taken at a regular meeting or at a special meeting of the members called for the purpose of voting on the transfer of substantially all of the Cooperative's property. Votes must be cast in person.

ARTICLE X. DISSOLUTION

SECTION 10.1 Vote Required. The Cooperative may be dissolved by a two-thirds vote of all the members of the Cooperative. The vote must be taken at a regular meeting or at a special meeting of the members called for the purpose of voting on dissolution. Votes must be cast in person.

SECTION 10.2 Certificate of Dissolution. Upon the membership's affirmative vote to dissolve as set forth in Section 10.1, the Cooperative shall file with the Texas Secretary of State a certificate of dissolution as follows:

- a. Signed by the President or a Vice President and attested by the Secretary, certifying that they have been authorized to execute and file such certificate by the votes cast in person of at least two-thirds of the Cooperative's total membership voting without

- proxies; and
- b. Executed, acknowledged, filed, and recorded in the same manner as the original Articles of Incorporation.

The Cooperative shall be deemed to be dissolved upon the Texas Secretary of State's acceptance and issuance of the certificate of dissolution and shall send notice to the Texas Public Utilities Commission.

SECTION 10.3 Existence Continued After Dissolution. After dissolution, the Cooperative shall continue for the purpose of paying, satisfying, and discharging any existing liabilities or obligations, collecting, or liquidating its assets, and doing all other acts required to adjust and conclude its business and affairs.

SECTION 10.4 Distribution of Surplus Assets on Dissolution. Any assets remaining after all third-party debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Section 2.4 above; 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 XI. SEAL

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

ARTICLE XII. FINANCIAL TRANSACTIONS

SECTION 12.1 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 12.2 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidence 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 12.3 Deposits. The funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may by policy require.

SECTION 12.4 Changes in Rates. Written notice shall be given as required by law and regulation to the applicable governmental and regulatory authorities having jurisdiction over the Cooperative in connection with any proposed change in the monthly rates charged by the Cooperative for telecommunications service.

SECTION 12.5 Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XIII. MISCELLANEOUS

SECTION 13.1 Membership im Other Organizations. The Cooperative may become a member or purchase ownership interests in other profit or non-profit organizations, associations, entities, 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 13.2 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 when a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

SECTION 13.3 Rules and Regulations. The Board shall have power to make and adopt such rules, regulations, and policies, not inconsistent with the law, the Articles of Incorporation or these Bylaws, as it may deem advisable for the management of the business and the affairs of the Cooperative.

SECTION 13.4 Service-Related Area Coverage. The Board shall make diligent effort to see that telecommunications service is extended to all unserved persons within the Cooperative's certificated area who (i) desire such service and (ii) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XIV.
GOVERNING LAW AND AMENDMENTS

SECTION 14.1 Telephone Cooperative Act. The Cooperative was organized under and is governed by the Telephone Cooperative Act, which is codified in Chapter 162 of the Texas Utilities Code (1997) {the "Telephone Cooperative Act"). In the event of any conflict between these Bylaws and the Telephone Cooperative Act as the same is amended or recodified, the provisions of the Telephone Cooperative Act shall control, and these Bylaws shall be deemed amended to comply with the provisions of the Telephone Cooperative Act.

SECTION 14.2 Amendments. In addition to amendment by operation of law, these Bylaws may be altered, amended, or repealed by majority of the vote of the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

SECTION 14.3 Partial Invalidity. If any word, phrase, clause, sentence, or part of these Bylaws shall be held by any court of competent jurisdiction to be invalid or unconstitutional, such holding shall not affect any other word, phrase, clause, sentence, or part of these Bylaws, and such remaining portions shall remain in full force and effect.

Adopted: *Doris Schersch* *April 22, 2025*

Secretary