

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

**ARTICLE I.  
MEMBERSHIP**

**Section 1. Requirements for Membership.**

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of the Blackfoot Telephone Cooperative, Inc., (hereinafter called the Cooperative) upon receipt of telecommunications and/or information services from the Cooperative, provided that he/she or it has first:

- a. Made an application for membership therein;
- b. Agreed to purchase services from the Cooperative in accordance with established tariffs and as hereinafter specified, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
- c. Agreed to comply with and be bound by the articles of incorporation and conversion and bylaws of the Cooperative and any rules and regulations adopted by the board of trustees (hereinafter called the Board).
- d. Agreed to execute and deliver to the Cooperative grant of easement for right of way on, over or under such lands owned, leased or otherwise in control of the applicant and in accordance with such reasonable terms and conditions as the Cooperative shall require for the furnishing of services to him/her or other applicants or members or for the construction, operation and maintenance, or the relocation of the Cooperative's facilities.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except in accordance with such reasonable terms as the Cooperative shall require.

Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunications services to members are neither members nor patrons by virtue of division of revenue contracts, settlement or access arrangements and other tariffed charges these carriers pay in the provision of services to their end users. The Board has the authority to determine all questions dealing with member or patron status as well as capital credit allocation issues for large users of the Cooperative's facilities.

**Section 2. Proof of Membership.**

Membership in the Cooperative shall be evidenced by the assignment to the member of a membership number and by enrollment of the member as a member of the Cooperative in a record to be maintained by the Cooperative.

### **Section 3. Joint Membership.**

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements of Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a. The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- b. The vote of either separately or both jointly shall constitute one joint vote;
- c. A waiver of notice signed by either or both shall constitute a joint waiver;
- d. Notice to either shall constitute notice to both;
- e. Expulsion of either shall terminate the joint membership;
- f. Withdrawal of either shall terminate the joint membership;
- g. Either but not both may be elected or appointed as an officer or trustee, provided that both meet the qualifications for such office.

### **Section 4. Conversion of Membership.**

a. A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation and conversion, bylaws, and rules and regulations adopted by the Board.

b. 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 5. Membership and Service Connection Fees.**

The Board by policy resolution shall establish membership and additional service fees and deposits.

### **Section 6. Purchase of Services.**

Each member shall, as soon as service is available, take service from the Cooperative and shall pay therefore monthly at rates in accordance with established tariffs as fixed by the Board, or, for the services rendered by other carriers, at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts paid for services in excess of costs are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall also pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

### **Section 7. Termination of Membership.**

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

b. Upon termination of receipt of services from the Cooperative, the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.

## **ARTICLE II.**

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

#### **Section 1. Property Interest of Members.**

Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid and (b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution.

#### **Section 2. Non-liability for debts of the Cooperative.**

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

#### **Section 3. Service Obligations.**

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

b. The members pledge to purchase all services from the Cooperative to the extent that its services are able to meet the members' needs and are competitively priced.

## **ARTICLE III. MEETING OF MEMBERS**

### **Section 1. Annual Meeting.**

The annual meeting of the members shall be held on the day and time appointed by the Board of Trustees each year at Missoula, in the County of Missoula, State of Montana as shall be designated in the notice of the meeting, for the purpose of electing the trustees, 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 Cooperative, nor affect the validity of any corporate action.

### **Section 2. Special Meetings.**

Special meetings of the members may be called by resolution of the Board, or, upon a written request signed by any three trustees, by the President or by not less than ten per centum of all members and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings of the members may be held at any place and time within the County of Missoula, State of Montana, and shall be specified in the notice of the special meeting.

### **Section 3. Notice of Members' Meetings.**

Written notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

### **Section 4. Quorum.**

Business may not be transacted at any meeting of the members unless there are present in person at least that number which equals five percent (5%) of the members or 150 members, whichever is fewer, except that if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date; provided, that the Secretary shall notify any absent member of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.

### **Section 5. Voting.**

Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person.

### **Section 6. Order of Business.**

The order of business at the annual meeting of the members and so far as possible, at all meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

- a. Report on the number of members present in person in order to determine the existence of a quorum.
- b. Reading the notice of the meeting and proof of the due mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- c. Reading of the unapproved minutes of previous meetings of the members and the taking of necessary action thereon unless minutes presented for approval shall have been furnished by a timely mailing or have been distributed at the meeting to all active members present. In such case, the President may entertain a motion from the floor to dispense with the reading of such minutes.
- d. Presentation and consideration of reports of officers, trustees and committees.
- e. Election of trustees.
- f. Unfinished business.
- g. New business.
- h. Adjournment.

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

### **Section 7. 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 of the adjourned meeting shall be given by the President in any media of general circulation or broadcast serving the area.

## **ARTICLE IV. TRUSTEES**

### **Section 1. General Powers.**

The business and affairs of the Cooperative shall be managed by a board of nine trustees which shall exercise all of the powers of the Cooperative except such as are by law, the articles of incorporation and conversion or by these bylaws conferred upon or reserved to the members.

### **Section 2. Trustee Districts.**

The area served by the Cooperative shall, each year, be divided into districts by the Board of Trustees. There shall be nine (9) districts, with each district represented by one trustee. Such districts shall contain, as closely as possible, an equal number of members, and shall cover, as nearly as possible, one community.

### **Section 3. Election and Tenure of Office.**

Trustees shall be so nominated and elected that at each annual meeting of the members, the same number of trustees that corresponds with the number whose terms are expiring shall be elected to serve a term of three years, except as otherwise provided for herein. Upon election, trustees shall, subject to the provisions of these bylaws, with respect to removal of trustees, serve until the annual meeting of the members of the year in which their term expires or until their successors shall have been elected and shall have qualified. Failure of an election for a given year shall allow the incumbent trustees whose trusteeships would have been voted on to hold over only until the next member meeting at which a quorum is present.

For purposes of resetting staggered terms for trustees after the annual meetings of members were not held in 2020 and 2021 by reason of the Covid pandemic, this paragraph governs the election of trustees at the 2022 annual meeting and subsequent annual meetings:

At the 2022 annual meeting of members, trustees for districts 1, 6 and 7 shall be elected to serve until the next annual meeting of members. At the first annual meeting of members held after 2022, trustees for districts 1, 6 and 7 shall be elected to a three year term in accordance with the first paragraph of this Section 3.

At the 2022 annual meeting of members, trustees for districts 2, 4 and 9 shall be elected to serve until the second annual meeting of members held after 2022. At the second annual meeting of members held after 2022, trustees for districts 2, 4 and 9

shall be elected to a three year term in accordance with the first paragraph of this Section 3.

At the 2022 annual meeting of members, trustees for districts 3, 5 and 8 shall be elected to serve until the third annual meeting of members held after 2022. Thereafter, trustees for districts 3, 5 and 8 shall be elected in accordance with the first paragraph of this Section 3.

This paragraph shall terminate, without further action by the Cooperative, the trustees or the members, immediately following adjournment of the third annual meeting of members held after 2022.

#### **Section 4. Nominations.**

Nominations for the office of Trustee shall be made from the floor at the annual meeting of the members. The members, keeping in mind the principle of equitable representation, may nominate as candidate for the Board of Trustees, members residing in the district, who otherwise possess the qualifications for trustee specified in these bylaws. No member may nominate more than one candidate.

#### **Section 5. Removal of Trustees by Members and Resignation by Trustee.**

Any member may bring charges, relating to the duties and responsibilities of his/her position, against a trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least five per centum of the members, may request the removal of such trustee by reason thereof. Such trustee 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/her shall have the same opportunity. The question of the removal of such trustee shall be considered and voted upon at the meeting of the members and no trustee shall be removed unless by a vote of two-thirds 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 nominations. Such meeting shall be called and held as provided in these bylaws.

A trustee may resign at any time by written notice delivered to the Board of Trustees, 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 6. Vacancies.**

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the Board shall be filled by affirmative vote of a majority of the remaining trustees 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. However, any successor, whether chosen by the Board or the members must reside in the same district as the vacant trusteeship and have the same qualifications for office as set forth in Section 8. If a Board member duly elected by the membership at large moves his/her residence to another district of the Cooperative, he/she may continue to serve as trustee for his/her former district until the next regular election for that district.

### **Section 7. Compensation.**

Board members shall not receive any salary for their services as such, except that by resolution of the Board of Trustees, a fixed sum and expenses, if any, may be allowed for each day or portion thereof, spent on Cooperative business, such as attendance at meetings, conferences, conventions, seminars 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. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Board member or his/her close relative shall have been certified by the Board as an emergency measure. For the purpose of this section, "close relative" includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, by blood, by marriage or by adoption, and spouses of any of the foregoing.



## **Section 8. Qualifications To Be Nominated, To Become, Or Remain A Trustee.**

Any member shall be eligible to be nominated, elected, and remain a trustee of the Cooperative provided that he/she:

a. Resides in the geographic area from which he or she is elected, and has resided there for more than two hundred and forty (240) days during the last twelve (12) month period.

b. Is NOT an employee of the Cooperative or in any way financially interested in a competing enterprise or a business engaged in selling telecommunications or information services or communication supplies or maintaining communication facilities. However, the Board may grant exceptions for a "de minimum" competing enterprise.

c. Is NOT a close relative of an incumbent trustee or an employee of the Cooperative. As used here, "close relative" shall be as defined in Section 7 above.

To remain a trustee, the incumbent must attend three-fourths (3/4) or more of the regular meetings during each twelve-month period, beginning with the month of his/her election. Upon establishment of the fact that a trustee is in violation of any of the provisions of this Section, that office shall be deemed vacant.

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

## **ARTICLE V. MEETINGS OF TRUSTEES**

### **Section 1. Regular Meetings.**

A regular meeting of the Board shall be held without notice, after the annual meeting of the members if this is deemed convenient by a majority of the Board as constituted after the annual meeting. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative, as designated by the Board. Such regular monthly meeting may be held without notice other than the resolution fixing the time and place thereof. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

### **Section 2. Special Meetings.**

Special meetings of the Board may be called by the President or by any three trustees, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given

as hereinafter provided. The President or the trustees calling the meeting shall fix the time and place for the holding of the meeting.

### **Section 3. Notice of Trustees' Meetings.**

Written notice of the time, place, and purpose of any special meeting of the Board shall be delivered to each trustee not less than five days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President, or the trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustee at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid.

### **Section 4. Quorum.**

A majority of the Board shall constitute a quorum, provided, that if less than such majority of the trustees is present at said meeting, a majority of the trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent trustees of the time and place of such adjourned meeting. The act of a majority of the trustees present at a meeting at which a quorum is present shall be the act of the Board.

### **Section 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 detail is signed by all Board members entitled to vote.

## **ARTICLE VI. OFFICERS**

### **Section 1. Number.**

The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, who shall be elected by the Board from the members of the Board, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

### **Section 2. Election and Term of Office.**

The officers shall be elected annually by and from the Board of Trustees at the meeting of the Board held after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until a successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

### **Section 3. Removal of Officers and Agents by the Board.**

Any officer or agent elected or appointed by the Board may be removed by the Board whenever, in its judgment, the best interests of the Cooperative will be served thereby. An officer against whom charges are brought shall be informed in writing of the charges at least twenty 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 Trustee or Trustees bringing the charges against him/her shall have the same opportunity

### **Section 4. President.**

The President shall:

- a. be the principal officer of the Cooperative, and unless otherwise determined by the members or the Board, shall preside at all meetings of the members and of the Board; and
- 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 from time to time.

### **Section 5. Vice-President.**

In the absence of the President, or in the event of his/her 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/her 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 law;
- c. be custodian of the corporate records and of the seal of the Cooperative, of all certificates of deposit and of 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. keep a register of the names and post office addresses of all members;
- e. sign, with the President, certificates of deposit;
- f. have general charge of the books of the Cooperative;

- g. keep on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative forward a copy of the bylaws and of all amendments thereto to each member;
- 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; and
- i. may delegate performance of such duties in a manner prescribed 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 Cooperative;
- b. be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws;
- 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; and
- d. may delegate performance of such duties in a manner prescribed by the Board.

### **Section 8. Chief Executive Officer.**

The Board shall appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall be the principal executive officer of the cooperative and shall perform such duties and shall exercise such authority as the Board may from time to time vest in him/her.

### **Section 9. Bonds.**

The Board shall require any officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board shall determine.

The Board in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

### **Section 10. Compensation.**

The powers, duties and compensation of officers of the Board of Trustees and the Chief Executive Officer shall be fixed by the Board, subject to the provisions of these bylaws with respect to compensation for trustees and close relatives of trustees.

### **Section 11. Reports.**

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

## **ARTICLE VII.**

### **NON-PROFIT OPERATION**

#### **Section 1. Interest or Dividends on Capital Prohibited.**

The Cooperative shall at all times be operated on a cooperative basis for the mutual benefit of its members. No interest or dividends shall be payable on any capital furnished by its patrons as hereinafter provided in Section 2.

#### **Section 2. Patronage Capital in Connection with Furnishing Telecommunications and/or Information Services.**

In the furnishing of telecommunications and/or information services, the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telecommunications and/or information services in excess of operating costs and expenses properly chargeable against the furnishing of telecommunications and/or information services. All such amounts in excess of operating costs and expenses received for telecommunications and/or information services at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses derived from telecommunications and/or information services. The books and records of the Cooperative 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 Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his/her 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 Cooperative corresponding amounts for capital.

All non-operating income, including but not be limited to, interest income, dividends, capital gains and income derived from subsidiary operations, 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, shall be allocated to and included in the capital accounts of patrons equitably on a patronage basis, as determined by the Board, except

for and excluding amounts allocated at the discretion of the Board for any purpose permitted by law.

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

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 part of such patron's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise. 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.

Notwithstanding any other provision of these bylaws, upon the death or termination of legal existence of any patron, and upon written application by the legal representative of such patron, the Board shall have the power to retire capital credited to such patron in conformance with the determined capital credit policy of the Cooperative as adopted by the Board aforesaid, and upon the terms and conditions set forth in said policy; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation, conversion and bylaws shall constitute and be a contract between the Cooperative and each patron, and further, between all the patrons themselves, individually. Both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions with the Cooperative and each of its patrons.

## **ARTICLE VIII.**

### **DISPOSITION OF PROPERTY**

The Cooperative 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 of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other

disposition or encumbrancing 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 a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of any of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof; or to a national financing institution organized on a cooperative plan for the purpose of financing its members' projects, and undertakings, in which the Cooperative holds membership.

## **ARTICLE IX. 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, Montana."

## **ARTICLE X. FINANCIAL TRANSACTIONS**

### **Section 1. Contracts.**

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

### **Section 2. Checks, Drafts, etc.**

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

### **Section 3. Deposits.**

All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select, except petty cash.

### **Section 4. Change in Rates.**

Written notice shall be given to the Administrator of RUS of the United States of America not less than ninety days prior to the date upon which any proposed change in the monthly rates charged by the Cooperative for telecommunications and/or information service becomes effective.

#### **Section 5. Fiscal Year.**

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

### **ARTICLE XI. MISCELLANEOUS**

#### **Section 1. Membership in Other Organizations.**

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

#### **Section 2. Waiver of Notice.**

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

#### **Section 3. Rules and Regulations.**

The Board shall have power to make and adopt such rules and regulations, not inconsistent with the law, the articles of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

#### **Section 4. Accounting System and Reports.**

The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the RUS of the United States of America. 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 following annual meeting of the members.

#### **Section 5. Area Coverage.**



The Board shall make diligent effort to see that telecommunications and/or information services are extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such services.

## **ARTICLE XII. AMENDMENTS**

These bylaws may be altered, amended, or repealed by 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; provided, further, that Section 5 of Article III (relating to voting by members), Article VIII (relating to disposition of property), and Article XII (relating to amendment of the bylaws) may be altered amended, or repealed only by the affirmative vote of not less than two-thirds of all the members of the Cooperative.

## **ARTICLE XIII. INDEMNIFICATION OF OFFICERS, BOARD MEMBERS, EMPLOYEES AND AGENTS**

### **Section 1. Scope of Indemnification.**

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, administrative, or investigative (other than an action by, or in the right of the Cooperative) by reason of the fact that such person is or was a Board member, officer, employee, or agent of the Cooperative or who is or was serving at the request of the Cooperative as a Board member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses, adjustments, 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. The termination of any action, suit, or proceeding by judgment, order, settlement, 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.

### **Section 2. Indemnification for Good Faith Action.**

The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action or suit by, or in the right of the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a Board member, officer, employee, or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a Board member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other

enterprise, against expenses actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative. No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses, as the Court shall deem proper.

### **Section 3. Cost of Defense Indemnified.**

To the extent that a Board member, officer, employee, or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 1 and 2, in defense of any claim, issue or matter therein, such person shall be indemnified against expenses, including attorney's fees, actually and reasonably incurred by such person in connection therewith.

### **Section 4. Amount of Indemnification.**

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

- a. By the Board by a majority vote of a quorum consisting of Board members who were not parties to such action, suit, or proceedings; or
- b. If such a quorum is not obtainable, or if obtainable, if a quorum of disinterested Board members so directs, by independent legal counsel in a written opinion; or
- c. By the members.

### **Section 5. Expenses Advanced.**

Expenses incurred in defending a civil action, suit, or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board in the specific case, upon receipt of a firm commitment by or on behalf of the Board member, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that he/she is entitled to be indemnified by the Cooperative as authorized in this Article.

### **Section 6. Rights of Persons Indemnified.**

The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested Board members, or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and

shall continue as to a person who has ceased to be a Board member, officer, employee, or agent, and shall inure to the benefit of the heirs, personal representatives and assigns of such a person.

**Section 7. Insurance Coverage.**

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

**AS AMENDED APRIL 30, 2022.**