



**BY-LAWS  
(AS AMENDED 2017)**

**Box 337  
VALDEZ, ALASKA 99686**

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## **TABLE OF CONTENTS**

- Section 1.1 Requirements for Membership**
- Section 1.2 Joint Membership**
- Section 1.3 Conversion of Membership**
- Section 1.4 Membership Deposit**
- Section 1.5 Purchase of Service**
- Section 1.6 Termination of Membership**
- Section 1.7 Service to Non-Members**
- Section 1.8 District Membership**
- Section 2.1 Property Interest of Members**
- Section 2.2 Non-Liability for Debts of the Cooperative**
- Section 3.1 Annual Meeting**
- Section 3.2 Special Meetings**
- Section 3.3 Notice of Members' Meetings**
- Section 3.4 Quorum**
- Section 3.5 Voting**
- Section 3.6 Voting by Non-Natural Persons**
- Section 3.7 Order of Business**
- Section 4.1 General Powers**
- Section 4.2 Election and Tenure of Office**
- Section 4.3 Director Qualifications**
- Section 4.4 Nominations**

**Section 4.5 Removal of Board Member by Members**

**Section 4.6 Vacancies**

**Section 4.7 Compensation**

**Section 5.1 Regular Meetings**

**Section 5.2 Special Meetings**

**Section 5.3 Notice of Board Meetings**

**Section 5.4 Quorum**

**Section 5.5 Parliamentary Authority**

**Section 6.1 Number**

**Section 6.2 Election and Term of Office**

**Section 6.3 Removal of Officers and Agents by the Board**

**Section 6.4 President**

**Section 6.5 Vice President**

**Section 6.6 Secretary**

**Section 6.7 Treasurer**

**Section 6.8 CEO/General Manager**

**Section 6.9 Bonds of Officers**

**Section 6.10 Indemnification**

**Section 6.11 Compensation**

**Section 6.12 Reports**

**Section 7.1 Interest or Dividends on Capital Prohibited**

**Section 7.2 Patronage Capital in Connection with Furnishing Telephone and Other Communication Services**

**Section 8.1 Disposition and Pledging of Property**

**Section 10.1 Contracts**

**Section 10.2 Checks, Drafts, Etc.**

**Section 10.3 Deposits**

**Section 10.4 Fiscal Year**

**Section 11.1 Membership in Other Organizations**

**Section 11.2 Waiver of Notice**

**Section 11.3 Policies, Rules and Regulations**

**Section 11.4 Accounting System and Reports**

**Section 11.5 Area Coverage**

**Section 11.6 Availability of Records of the Cooperative to Members**

**Section 12.1 Amendments to the Bylaws**

**Section 12.2 Placement of Proposed Amendment on Official Notice to Member**

**Section 12.3 Amendment to Articles of Incorporation**

**COPPER VALLEY TELEPHONE COOPERATIVE,  
INCORPORATED**

**BY-LAWS**

**ARTICLE I  
MEMBERSHIP**

**SECTION 1.1 REQUIREMENTS FOR MEMBERSHIP**

[a] Any person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision or an agency of the State or political subdivision or a body politic, shall become a member of **COPPER VALLEY TELEPHONE COOPERATIVE, INC.** (hereinafter called the Cooperative) upon receipt of retail telephone or other telecommunications or communications service from the Cooperative provided that the person has first:

- (1) Made written application for membership therein;
- (2) Agreed to purchase service from the Cooperative in accordance with established tariffs and as hereinafter specified;
- (3) Agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Cooperative and any Rules and Regulations adopted by the Board of Directors (hereinafter referred to as "Board")

[b] No member may hold more than one membership in each class of service in the Cooperative. No membership in the Cooperative shall be transferrable, except on the books of the Cooperative and as provided for in these Bylaws

[c] Purchases of the cooperative's services at wholesale, or otherwise for resale, shall not be eligible for membership or patronage credits with respect to such wholesale services.

**SECTION 1.2 JOINT MEMBERSHIP**

A husband and wife, or any two persons who occupy the same household may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1.1 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 or any two persons who occupy the same household holding a joint membership. With regard to a joint membership, the following conditions will apply:

- [a] The presence of either or both at a meeting 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 and both jointly shall constitute one joint vote;
- [c] A waiver of notice signed by either or both shall constitute a joint waiver;
- [d] Notice of either shall constitute notice to both;
- [e] Expulsion from the Cooperative of either shall terminate the joint membership;
- [f] Either, but not both, may be elected or appointed as an officer or director.

### **SECTION 1.3 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 other person who occupies the same household to comply with the Articles of Incorporation, Bylaws and Rules and Regulations adopted by the Board.
- [b] Upon death of either person who occupies the same household who is a party to the joint membership, membership shall be held solely by the survivor. The estate of the deceased shall not be released from any debts due the Cooperative.
- [c] Upon legal separation, divorce, or other termination of the holders of a joint membership, the membership shall be discontinued. Neither party shall be released from any debts due to the Cooperative but may, upon compliance with the requirements set forth above, apply for individual membership in the Cooperative. All capital credits earned during the joint membership will be divided equally between the parties except where proof through a court order to a different distribution is presented.

### **SECTION 1.4 MEMBERSHIP DEPOSIT**

Each member shall be eligible for at least one service connection at applicable rates; provided, the Board may, as a condition to service require the payment of a consumer deposit, or the furnishing of other acceptable security in lieu thereof.

## **SECTION 1.5 PURCHASE OF SERVICE**

Each member shall, as soon as retail telephone or retail related telecommunications service is available, purchase from the Cooperative one or more such services made available through the facilities of Copper Valley Telephone Cooperative, and shall pay monthly rates in accordance with established tariffs, which shall from time-to-time be fixed by the Board. It is expressly understood that amounts paid for services in excess of costs are furnished by members as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

## **SECTION 1.6 TERMINATION OF MEMBERSHIP**

[a] Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, and 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 the member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who, for a period of thirty (30) days after subscribing for service, has not permitted the installation of service from the Cooperative, may be cancelled by resolution of the Board.

[b] Upon withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or the estate from any debts due to the Cooperative.

[c] Upon divorce or dissolution of marriage the joint membership of said members shall thereupon terminate. Termination of membership in any manner shall not release a member from any debts due to the Cooperative. All debts or obligations owed to the Cooperative under said joint membership must be paid in full prior to reinstatement of membership or service to either party.

## **SECTION 1.7 SERVICE TO NON-MEMBERS**

The Board may authorize the furnishing of service to persons not members of the Cooperative when the furnishing of such service is, in the judgement of the Board, in the best interests of the Cooperative, provided, however, that such service to non-members shall not exceed ten percent (10%) of the number of members of the Cooperative, and provided, further, that the Board may, without regard to said ten percent (10%) limitation, make service available through interconnection of facilities to any number of subscribers of

other telephone systems, and through pay stations to any number of users, and provided, further, that if the Cooperative acquires existing telephone facilities, it may, upon approval of the Board and subject to terms and conditions imposed by the Board, continue service to persons, not in excess of forty percent (40%) of the number of its members, who are already receiving service from such facilities without requiring such persons to become members, but such persons may become members upon the same terms and conditions, rights, and liabilities, as are herein provided for membership in the Cooperative.

## **SECTION 1.8 DISTRICT MEMBERSHIP**

The Cooperative shall be comprised of two districts, namely: the Glennallen District and the Valdez District. The Glennallen District shall be comprised of all subscribers and members and territory north of 40 Mile Richardson Highway, and the Valdez District shall be comprised of all subscribers and members and territory south of 40 Mile Richardson Highway. Should any member be considered eligible for membership in either district, such member shall choose a district and shall not change the election of district until one week after the next annual membership meeting following and not prior to sixty (60) days before the other district's annual meeting.

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

### **SECTION 2.1 PROPERTY INTEREST OF MEMBERS**

Upon dissolution, after:

- [a] All debts and liabilities of the Cooperative shall have been paid.
- [b] All capital furnished through patronage shall have been retired as provided in these Bylaws, and;
- [c] 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 and former member bears to the total patronage of all such members and such former members on the date of dissolution unless otherwise provided by law.

### **SECTION 2.2 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 personally liable or responsible for any debts or liabilities of the Cooperative.



## **ARTICLE III MEETINGS OF MEMBERS**

### **SECTION 3.1 ANNUAL MEETING**

The annual meetings of the members (one in the Glennallen District and one in the Valdez District) shall be held during the second quarter of each year, at a location designated by the Board, for the purpose of electing Board members, 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.

### **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 a majority of the Board; or by not less than one hundred (100) members or by ten percent (10%) of all the members, whichever shall be lesser, and it shall thereupon be the duty of the Secretary or upon the Secretary's direction to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the areas served by the Cooperative as designated by the Board and shall be specified in the Notice of Special Meeting.

### **SECTION 3.3 NOTICE OF MEMBERS' MEETINGS**

[a] Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than twenty (20) days nor more than forty (40) 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 the address of the member as it appears in 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.

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

### **SECTION 3.4 QUORUM**

[a] Quorum requirements for the district annual meeting in the Glennallen District shall be fifty (50) members, present in person.

[b] Quorum requirements for the district annual meeting in the Valdez District shall be fifty (50) members, present in person.

[c] Quorum requirements for any meeting not covered in sub sections [a] or [b] above shall be ten percent (10%) of the total district membership.

[d] If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

### **SECTION 3.5 VOTING**

[a] Each member shall be entitled to only one vote upon each class of services with each matter submitted to a vote of the members. All questions shall be decided by an affirmative vote of a majority of the members voting thereon except as otherwise provided by law, the Articles of Incorporation, or these Bylaws.

[b] Voting by mail shall be required on all questions submitted to the members except as otherwise prohibited by law, the Articles of Incorporation, or the Bylaws of the Cooperative. Ballots for use by members voting by mail, together with a small ballot envelope affixed with the address of the Cooperative, postage, name, and address of the voter, shall be mailed to each member not less than twenty (20) days nor more than forty (40) days before the date of the annual meeting. Failure of receipt of a ballot by a member shall not invalidate the election. Ballots of members voting by mail must be received at the Cooperative headquarters in Valdez, Alaska, no later than 5:00 p.m., seven (7) calendar days prior to the Annual Meeting or Special Meeting for which the ballot is utilized. The election committee responsible for the counting of ballots shall cause ballots received by mail to be opened no earlier than 7:00 p.m., seven (7) calendar days prior to the Annual Meeting or Special Meeting of the members. If less than a quorum is present at the meeting, the Election Committee shall cause to be preserved all ballots received by mail until such time as a quorum is present. In any case, marked ballots will be retained and secured for a period of ninety (90) days following the election, after which time they may be destroyed.

### **SECTION 3.6 VOTING BY NON-NATURAL PERSONS**

Voting by a representative of member associations, corporations, bodies politic or subdivisions thereof, or by members other than those who are natural persons shall be allowed upon presentation to the Cooperative, at least ten (10) days prior to the member

meeting, written authorization in the form of a completed and signed membership card, application form or other written documentation, designating those persons authorized to vote on its behalf.

### **SECTION 3.7 ORDER OF BUSINESS**

The Board shall by resolution adopt procedures and rules governing all membership meetings and all elections and voting. Rules and procedures governing voting and elections will be announced in advance of each meeting. The Board, in establishing such rules will be fair and equitable. If no rules governing a particular situation have been established by the Board, then the rules contained in the latest edition of Robert's Rules of Order will govern to the extent not inconsistent with law. 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 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 of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of the notice of the meeting, as the case may be.

[c] Presentation of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.

[d] Presentation and consideration of reports of officers, trustees, and committees.

[e] Election of Board members.

[f] Unfinished business.

[g] New business.

[h] Adjournment

## **ARTICLE IV BOARD MEMBERS**

### **SECTION 4.1 GENERAL POWERS**

The business and affairs of the Cooperative shall be managed by a Board of eight (8) members 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.

### **SECTION 4.2 ELECTION AND TENURE OF OFFICE**

[a] Each district shall be entitled to elect four (4) of the eight (8) Board members.

[b] Members of the Board shall be elected by secret ballot at each annual meeting of the members by and from the members to serve until the next annual meeting of the members or until their successors shall have been elected and shall have qualified. If an election of board members shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Board members within a reasonable time thereafter. Board members may be elected by a plurality vote of the members. Each district shall elect directors to fill positions, as may from time to time expire, for a three (3) year term, provided, however, that a director may be elected to fill a vacant unexpired term for a period of less than three (3) years. Commencing with the annual meetings in 2004, no director may serve more than five (5) consecutive terms as a Director of the Cooperative.

### **SECTION 4.3 DIRECTOR QUALIFICATIONS**

No person shall be eligible to become or remain a Director, or to hold any position of trust in the Cooperative who:

[a] Is a close relative of an incumbent Director or of an employee of the Cooperative, or is not a member in good standing of the Cooperative and receiving service therefrom at either the member's primary residential abode or place of business. For the purpose of this section and these Bylaws, "close relative" includes parents, husband, wife, children, brothers, sisters, grandparents, grandchildren, uncles, aunts, nephews, and nieces, by blood, by marriage, or by adoption, and spouses of any of the foregoing, or anyone who principally resides in the same residence.

[b] Is an officer or employee of a collective bargaining unit with which the Cooperative has a labor contract;

[c] Is in any way employed by or financially interested in a competing enterprise, or a business selling telecommunication service or supplies to the Cooperative.

[d] Has not disclosed a financial interest of the person or a close relative in a business which sells or intends to sell supplies or services to the Cooperative.

[e] PROVIDED, that the operating and chief executive of any member which is not a natural person, such as a corporation, church, or its designee, shall notwithstanding that said executive does not receive residential service from the Cooperative be eligible to become a Director, if such designee (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a bona fide permanent and year-round resident within or in close proximity to an area served by the Cooperative, but, provided further, that no more than one (1) such person may serve on the Board of Directors at the same time.

[f] No person shall be eligible to become or remain a Director of, or to hold any other position of trust in the Cooperative who does not have the legal capacity to enter into a binding contract pursuant to the laws of the State of Alaska.

[g] Upon establishment of the fact that a nominee for Director lacks eligibility under this section or as may be provided elsewhere in these Bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause the Director to be removed therefrom, as the case may be.

[h] To remain a Director, the Director must attend two-thirds (2/3) 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 Director is in violation of any of the provisions of this section, that office shall be deemed vacant.

[i] Nothing contained in this section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this section and in which one or more of the Directors have an interest adverse to that of the Cooperative.

#### **SECTION 4.4 NOMINATIONS**

With the exception of incumbents running for re-election, all candidates for election to the Board of Directors must be nominated by petition. Any fifteen (15) or more members acting together may make nominations by petition. Nominations by petition

must be received at least forty (40) days before the meeting to be included on the official ballot.

The Secretary shall prepare and post at the principle office of the Cooperative at least twenty (20) days before the meeting a list of candidates for Board members. The Secretary shall be responsible for mailing with the Notice of the Meeting, or separately but at least twenty (20) days before the date of the meeting, a statement of the number of Board members to be elected and the names of the candidates

#### **SECTION 4.5 REMOVAL OF BOARD MEMBER BY MEMBERS**

Any member may bring charges against a Board member which shall specify malfeasance or nonfeasance of the duties and responsibilities of his/her position. Such charges shall be in writing and filed with the secretary together with a petition signed by at least ten (10) percent of the members, and may request the removal of such board member by reason thereof. Such Board member shall be informed in writing of the charges at least twenty (20) days prior to the meeting of the members at which time the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to bring evidence in respect to the charges. 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 without compliance with the foregoing provisions with respect to nominations.

#### **SECTION 4.6 VACANCIES**

[a] Subject to the provisions of these Bylaws with respect to the filling of a vacancy caused by the removal of Board members by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the un-expired portion of the term provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nominations.

[b] Any other vacancy occurring in the Board shall be filled by the affirmative vote of the majority of the remaining directors and the member so elected to the Board shall serve until the next annual meeting of the members or until a successor has been elected and qualified, to serve the remainder of the term.

#### **SECTION 4.7 COMPENSATION**

Board members shall not receive any salary for their services, as such, except that members of the Board shall, by resolution, authorize a fixed sum for each regular or special meeting of the Board, and for each day of any other meeting while officially representing the Cooperative, including necessary travel to and from these meetings.

Board members shall also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business. Further, for their services, Board members may be entitled to insurance, including, for example, travel, accident, and/or indemnification against liability insurance, as provided by resolution of the Board. A Director or close relative of a Director, as defined in Section 4.3[a] may receive compensation for serving the Cooperative in other than an official capacity if the disclosure requirements of Section 4.3 of these Bylaws are satisfied and if the service provided does not relate directly to telecommunications service. A board member or close relative of a board member may receive compensation for providing any service to the Cooperative, including telecommunications service, if the payment and amount of compensation shall be specifically authorized by vote of the members or certified by the board as an emergency measure.

## **ARTICLE V MEETINGS OF THE BOARD**

### **SECTION 5.1 REGULAR MEETINGS**

An annual meeting of the Board may be held without notice immediately after and at the same place as the annual meeting of the members. The Board shall hold at least nine (9) other regular meetings per year, alternating between the Valdez and Glennallen business offices, with the time and dates of such regular meetings determined by the Board. Teleconference or videoconference meetings may be held upon approval of a majority of the Board. Such participation 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 (3) Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Board members calling the meeting shall fix the time and place of the meeting.

### **SECTION 5.3 NOTICE OF BOARD MEETINGS**

Notice of the time, place, and purpose of any regular or special meeting of the Board shall be delivered to each Board member, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or one of the Board members calling the meeting and posted at least twenty-four (24) hours in advance of the meeting time and date in a conspicuous place at all business offices of the Cooperative. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at the member's address as it appears on the records of the Cooperative with postage thereupon prepaid, at least five (5)

days before the date set for the meeting. Notice under this section is not required for the annual meeting of the Board held immediately after the annual meeting of the members.

#### **SECTION 5.4 QUORUM**

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

#### **SECTION 5.5 PARLIAMENTARY AUTHORITY**

The rules contained in the latest edition of Robert's Rules of Order shall govern the Cooperative's Board of Director meetings in all cases in which the rules are not inconsistent with law, the Articles of Incorporation or these Bylaws.

### **ARTICLE VI OFFICERS**

#### **SECTION 6.1 NUMBER**

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

#### **SECTION 6.2 ELECTION AND TERM OF OFFICE**

The officers shall be elected by ballot annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board following the next 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 un-expired 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 the Board whenever, in its judgment, the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer,



which shall specify malfeasance or nonfeasance of the duties and responsibilities of his/her position by filing with the Secretary such charges in writing together with a petition signed by ten percent (10%) of the members who may request the removal of such officer. If the board determines that the charges as presented set forth allegations of malfeasance or nonfeasance, the board shall schedule a meeting to review the allegations. The officer against whom such charges have been brought shall be informed in writing of the charges at least twenty (20) days prior to the Board meeting at which time 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 shall have the same opportunity. In the event the Board does not remove such officer, the question of removal shall be considered and voted upon at the next meeting of the members. Removal shall occur if a majority of the total votes of both districts so indicate.

#### **SECTION 6.4 PRESIDENT**

The President shall:

[a] Be the principle executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;

[b] Sign with the Secretary 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, employee, 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 6.5 VICE PRESIDENT**

In the 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 from time-to-time may be assigned by the Board.

#### **SECTION 6.6 SECRETARY**

The Secretary shall be responsible for:

[a] Keeping the minutes of the meeting of the members and of the Board in books provided for that purpose;

[b] Causing all notices to be duly given in accordance with these Bylaws or as required by law;

[c] The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;

[d] Keeping a register of the names and post office addresses of all members;

[e] Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member); and at the expense of the Cooperative, furnishing a copy of the Bylaws and of all amendments thereto to each member; and

[f] In general performing all duties incident to the office of Secretary and such other duties as from time-to-time may be assigned by the Board.

## **SECTION 6.7 TREASURER**

The Treasurer shall be responsible for:

[a] Having charge and custody of all funds and securities of the Cooperative;

[b] The receipt of and the issuance of receipts for, all monies due and payable to the Cooperative and for the deposit of all such monies in the manner of the Cooperative in such depositories as shall be selected in accordance with the provisions of Section 3 of Article X, of these Bylaws; and

[c] In general, perform all the duties incident to the office of Treasurer and such other duties as from time-to-time may be assigned by the Board.

## **SECTION 6.8 CEO/GENERAL MANAGER**

The Board may appoint a Chief Executive Officer (CEO) / General Manager who shall be required to be a member of the Cooperative. The CEO / General Manager shall perform such duties and shall exercise such authority as the Board may from time-to-time vest in the CEO/General Manager.

## **SECTION 6.9 BONDS OF OFFICERS**

Any officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded as the Board shall determine. The Board in its discretion may also require any other officer, agent, or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

#### **SECTION 6.10 INDEMNIFICATION**

The Cooperative shall indemnify and defend present and former directors, officers, including the general manager, and employees and may indemnify and defend agents against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgments in the belief the acts or omissions were in the best interest of the Cooperative or were not against the best interest of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

#### **SECTION 6.11 COMPENSATION**

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

#### **SECTION 6.12 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 7.1 INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED**

The Cooperative shall at all times be operated on a cooperative, non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

#### **SECTION 7.2 PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING TELEPHONE AND OTHER COMMUNICATION SERVICES**

In the furnishing of telecommunication service, the Cooperative's operations shall be so conducted that all members 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 members for all amounts received and receivable from the furnishing of retail telecommunication services in excess of operating costs and expense properly chargeable against the furnishing of retail telephone and other telecommunication 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 as capital. The Cooperative is obligated to pay the credits to a capital account for each member all such amounts in excess of operating costs and expense. 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 member, is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall notify each member of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though they have been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts of capital.

All non-operating margins 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, and upon majority vote of the Board, either:

- [a] Allocated to its members on a patronage basis and any amount so allocated shall be included as part of the operating margins to be allocated to the accounts of the various classes of members in an equitable manner as approved by the Board.
- [b] Allocated to its members on a patronage basis and used to establish and maintain a non-operating margin reserve (also called retained capital) to be used at such time and for such purpose as the Board shall determine, or
- [c] Allocated to a permanent capital account to be held as unallocated equity capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members, as herein provided.

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

thereby, the capital credited to members' accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method and type of assignment and distribution. The cooperative, before retiring any capital credited to any member's account, shall deduct therefrom any amount owing by such member to the cooperative, together with interest thereon at the legal rate of interest allowed on judgment in the State of Alaska in effect when such amount became overdue, compounded annually. Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or occupancy in all or a part of such member's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these Bylaws, the Board, at its own discretion, shall have the power at any time, upon the termination of service by any member who has left the cooperative's service area, or upon the death of any member, and upon the written request of said member or legal representative of the estate of deceased member, that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of the Bylaws, to retire capital credited to any such member immediately upon such terms and conditions, including mandatory discounting at a rate not less than the current cost of debt to the cooperative, as the Board, acting under policies of general application, and said member or the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The members 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 between the Cooperative and each member, and both the Cooperative and the members are bound by such contract as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's offices.

## **ARTICLE VIII DISPOSITION OF PROPERTY**

### **SECTION 8.1 DISPOSITION OF PROPERTY**

The Cooperative may not sell, lease or otherwise dispose of or encumber all or any substantial portion in excess of ten percent (10%) of its total assets unless such sale, lease or other disposition or encumbrance is:

[a] Authorized at a meeting of the then-total members by the affirmative vote cast in person, without proxies, of at least two-thirds (2/3) of the total members of the Cooperative, and

[b] Authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative, and

[c] Preceded by a notice of meeting at which such sale, mortgage, lease or other disposition or encumbrance is to be voted on.

The Board of Directors shall have full power and authority, without authorization by the members, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust, or the pledging or encumbering of any or all of the property, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenues therefrom, all on such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative.

Supplementary to the foregoing paragraphs of this Section and any other applicable provisions of law or these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition within a single calendar year, of physical plant of the Cooperative with net value in excess of ten percent (10%) of the Cooperative's total assets, based upon the most recent audit of the Cooperative, shall be authorized except in conformity with the following:

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

2) If the Board, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposals should be submitted for consideration by members, it shall first give by notice in appropriate publications to other cooperatively organized entities an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals which the cooperative has already received and copies of the respective reports of the three (3) appraisers. Such other interested cooperatively organized entities shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal, which has been submitted to it, it shall so notify the

members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the notice thereof to the members; provided that consideration and action by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting.

4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

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

## **ARTICLE IX SEAL**

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

## **ARTICLE X FINANCIAL TRANSACTIONS**

### **SECTION 10.1 CONTRACTS**

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

### **SECTION 10.2 CHECKS, DRAFTS, ETC.**

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

### **SECTION 10.3 DEPOSITS**

All funds of the Cooperative, except petty cash, shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may select. Funds may be invested in commercial paper, stocks, bonds, notes, or other securities of institutions whose senior unsecured debt obligations are rated by a nationally recognized rating organization in any of its three highest categories.

### **SECTION 10.4 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 11.1 MEMBERSHIP IN OTHER ORGANIZATIONS**

The Cooperative may own, invest in, or become a member of any other organization, corporation partnership, joint venture or other business upon authorization by the Board, provided the Board of Directors finds that the following conditions are present:

- [a] It is in the best interest of the Cooperative; and,
- [b] The venture is related to a field of telecommunications or is related to an ordinary business expense of the Cooperative; and,
- [c] An anticipated result of the venture will be to control costs, increase revenues, or improve service to the members of the Cooperative.

### **SECTION 11.2 WAIVER OF NOTICE**

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

### **SECTION 11.3 POLICIES, RULES AND REGULATIONS**



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

#### **SECTION 11.4 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 Rural Utilities Services 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.

#### **SECTION 11.5 AREA COVERAGE**

The Board shall make diligent efforts to see that telecommunication service is extended to all un-served persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative.

#### **SECTION 11.6 AVAILABILITY OF RECORDS OF THE COOPERATIVE TO MEMBERS**

The minutes of Board meetings, annual audit reports, and minutes of regular or special meetings of the membership shall be made available to any member upon written request for inspection at the office of the Cooperative.

### **ARTICLE XII AMENDMENTS**

#### **SECTION 12.1 AMENDMENTS TO THE BYLAWS**

These Bylaws may be altered, amended or repealed by the affirmative vote of a majority of those members of the Cooperative voting on it at any regular or special meeting provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. If the proposed amendment, with any changes, is approved by the affirmative vote of a majority of those members voting on it, the President or Vice President shall execute and acknowledge Articles of Amendments on behalf of the Cooperative and the Secretary shall affix and attest to the Seal of the Cooperative.

#### **SECTION 12.2 PLACEMENT OF PROPOSED AMENDMENT ON OFFICIAL**

## **NOTICE TO MEMBER**

A member may have a proposed amendment of the Bylaws placed on the official notice to the members by one of the following procedures:

[a] Filing the proposed amendment in writing together with a petition signed by fifty (50) members with the Secretary of the Cooperative at least sixty (60) days before the meeting; or

[b] Filing the proposed amendment in writing with the Board of Directors at least sixty (60) days before the meeting for its consideration and decision for placement on the official notice; or

[c] Motion from the floor at a membership meeting duly seconded and carried by majority vote of those members present at the meeting, for placement on the official notice of the next scheduled meeting of the members.

## **SECTION 12.3 AMENDMENT TO ARTICLES OF INCORPORATION**

Amendments to the Articles of Incorporation shall be in accordance with law.