

BY-LAWS
of
BALLARD RURAL TELEPHONE COOPERATIVE
CORPORATION, INC

ARTICLE I
MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Ballard Rural Telephone Cooperative Corporation, Inc. (hereinafter called the "Co-op") by:

- (a) agreeing to purchase from the Co-op telecommunications service as hereinafter specified;
- (b) agreeing to comply with and be bound by the Articles of incorporation and by-laws of the Co-op and any rules and regulations adopted by the board of trustees (hereinafter called the "Board"); and
- (c) agreeing to pay the membership fee hereinafter specified on uniform terms and conditions established by the Board;

provided, however, that agreement to pay or payment of the membership fee in accordance with the provisions of these by-laws by a landlord on behalf of an applicant for membership who is a tenant occupying premises owned by such landlord and served by the Co-op shall constitute compliance by such applicant with subdivision (d) of this section; and provided further, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board or the members. No membership shall be transferable, except as provided in these by-laws.

Beginning six (6) months after the date of incorporation, all applicants received more than thirty (30) days prior to each meeting of the members which have not been accepted or which have been rejected by the Board shall be submitted by the Secretary to such meeting, and subject to compliance by the applicant with the requirements hereinabove set forth, any such application may be accepted by vote of the members. The Secretary shall give each such applicant at least ten (10) days' written notice of the date of the members' meeting to which his/her application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Membership Certificates. Membership in the Co-op shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed by the President and by the Secretary and the corporate seal shall be affixed thereto provided the seal and /or the signature of the President and Secretary may be imprinted thereon by facsimile. No membership certificate shall be issued for less than the membership fee fixed in these by-laws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Co-op as the Board may prescribe.

SECTION 3. Joint Membership. Married spouses 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 by-laws shall be deemed to include married spouses 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) Their presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute 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) Neither member shall be considered for new membership until or unless all debts owing from a joint membership to the Co-op have been paid;
- (h) Either but not both may be elected or appointed as an officer or trustee, provided that the one seeking election or appointment meets 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 the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, by-laws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered and shall be reissued by the CO-OP in such manner as shall indicate the changed membership status.

(b) Upon the death of either spouse who is a party to the joint membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Co-op.

SECTION 5. Membership and Service Connection Fees. The membership fee shall be \$14.00. Upon the payment of membership fee a member shall be eligible for one service connection. Additional fees shall be paid for each additional connection extension and other available service, in accordance with the rules and regulations prescribed by the Board. Service connection fees shall be the rates currently approved by the Public Service Commission of the Commonwealth of Kentucky and on file in the headquarters office of the Co-op.

SECTION 6. Purchase of Telecommunications service.

(a) The definition of "Telecommunications Service" for the purpose of these by-laws shall be telephone service and/or broadband internet service.

(b) Each member shall, as soon as telecommunications service is available, take telecommunications service from the Co-op to be used on the premises specified in his/her application for membership, and shall pay therefor monthly at rates which shall from time-to-time be fixed by the Board; provided, however, that the Board may limit the amount of telecommunications service which the Co-op shall be required to furnish to any one member. It is expressly understood that amounts paid for telecommunications service in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these by-laws. Each member shall pay to the Co-op such minimum amount per month for telecommunications service as shall be fixed by the Board from time-to-time. Each member shall also pay all amounts owed by him/her to the Co-op 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 may prescribe. The Board may by the affirmative by 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, by-laws, or any rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten days after such notice was given. An expelled member may be re-instated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who has not permitted the installation of service within thirty (30) days after he has been notified service is available to him/her, or of a member who has ceased to purchase telecommunications service from the Co-op, shall be terminated or cancelled immediately without the necessity of a resolution of the Board.

(b) Upon withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered forthwith to the Co-op. Termination of membership in any manner shall not release a member or his/her estate from any debts due he Co-op.

(c) If a membership fee has been paid by a landlord on behalf of his/her tenant, upon the removal of such tenant from the premises of the landlord, the membership of such tenant shall terminate.

(d) Upon termination of membership for any reason, the Co-op shall not repay to the member or to his/her landlord, in case the membership fee shall have been paid on behalf of the member by his/her landlord, the amount of the membership fee paid unless a successor in occupancy or ownership of the premises served by the Co-op shall have been accepted as a member and a membership fee shall have been paid by or on behalf of such successor in accordance with the provisions of these by-laws. Any refund of membership fees pursuant to this sub-section shall be made in the order in which memberships shall have been terminated. Prior to the repayment of a membership fee paid by the member, the Co-op shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Co-op. Any debt owed by a member or terminating member to the Co-op shall be deducted from any refund of membership fees or capital credits which the Co-op elects to return to the members.

SECTION 8. Effect of Death of Member Leaving a Surviving Spouse.

Upon the death of a member who leaves a surviving spouse, when the membership was not joint, the surviving spouse shall be entitled to a refund of the deceased member's service security deposit, if any, theretofore paid the Co-op less any amounts due the Co-op; or, in the event the surviving spouse then desires to become a member of the Co-op, he or she may request that the deceased spouse's service

security deposit, if any, theretofore paid the Co-op not to be refunded, but, instead, be transferred on the Co-op's records to the credit of the surviving spouse.

SECTION 9. Termination or Continuation of Membership upon Change in Business Ownership or Existence. The change or cessation of the legal existence of any member partnership (general or limited), limited liability company (LLC), corporation, or association recognized under law (hereafter "business entity") shall automatically terminate such membership in the Cooperative; PROVIDED, upon the change or dissolution of such business entity, such membership may continue to be held by remaining owners of such business entity after such change or dissolution, if such entity's agreement or by-laws so authorize, for so long as such entity shall continue to own or directly to occupy premises receiving telecommunications service, or otherwise to use telecommunications service pursuant to such membership in the same manner and to the same effect as though such preexisting membership, which surviving or ongoing business entity shall be fully and completely bound by the terms and conditions of the preexisting membership.

ARTICLE II

RIGHT AND LIABILITIES OF MEMBERS

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

SECTION 2. Non-liability for Debts of the Co-op. The private property of the members shall be exempt from execution or other liability for the debts of the Co-op and no member shall be liable or responsible for any debts or liabilities of the Co-op.

ARTICLE III

MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held on the last Saturday in October of each year, at such place, as shall be designated in the notice of the meeting, for the purpose of electing 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. If the day fixed for the annual meeting shall fall on a legal holiday; or if authorized attendance at the meeting would violate any order imposed by any duly authorized government executive pursuant to the emergency powers vested in the executive, or issued by any court of competent jurisdiction, whether by reason of national or local emergency, or for reasons of public health and/or safety, as properly and legally announced by government authority, the Board shall issue to its members through the most prompt and efficient means possible that the annual meeting shall be held on the scheduled date, or an alternate date selected by the Board of Trustees, with reasonable notice to the members, by drive-through registration and voting, or via electronic registration and voting, if available. Registration shall require the same security measures for proof of membership, and the right to a voting ballot, verified by a BTC employee. All attendees must comply with all government public safety measures (e.g. in the case of a public health emergency, face coverings, gloves and appropriate physical distancing). If the regularly-scheduled annual meeting date, or meeting site, is not available, virtual registration and voting may be held at the drive-through lane at BTC's main office. If virtual registration and attendance is required under this by-law, and the date for the annual meeting is delayed, any sitting member(s) of the Board of Trustees whose exchange(s) is/are due to be filled by election shall remain on the Board with full voting power, subject to the provisions of Article IV, Sections 5 and 6 of these by-laws, until the completion of

the emergency registration and voting measures above. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meeting. 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 300 members or ten per centum of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided, however, it shall be the obligation of the members who have signed a petition for a special meeting to pay all the costs of preparing and mailing the notices of said special meeting by depositing with the Secretary such amount of funds as is estimated to be the cost of preparing and mailing the notices. Special meetings of the members may be held at any place, within the certificated area of the corporation, specified in the notice of the special meetings.

SECTION 3. Notice of Members' Meetings. Written notice stating the place, day and hours 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 (10) 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 Co-op, 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. A quorum, for purposes of the Annual Meeting of members, shall be the lower of the following: one-tenth (1/10) or ten percent (10%) of the members of Co-op entitled to vote, or twenty (20) members, whichever is less. No proxy voting shall be permitted for attending, or nonattending members; and no voting trusts to vote any member's interest shall be authorized or allowed at the Annual Meeting.

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 except as otherwise provided by law, the Articles of Incorporation or these by-laws.

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

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Election of trustees.
5. Presentation and consideration of reports of officers, trustees and committees.
6. Unfinished business.
7. New business.
8. Adjournment.

**ARTICLE IV
TRUSTEES**

SECTION 1. General Powers. The business and affairs of the Co-op shall be managed by a board of seven (7) trustees, which shall exercise all of the powers of the Co-op except such as are by law, the Articles of

Incorporation or these by-laws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Trustees shall be elected by secret ballot (save and except voice election of unopposed nominees by acclamation) at the Annual Meeting of the members, to serve for a term of three (3) years or until their successors shall have been elected and shall have qualified. Trustees residing in the areas served by the exchange in La Center and Wickliffe shall be elected in 1975 to serve for three (3) years. Trustees residing in the areas served by the exchanges in Bandana and Gage shall be elected in 1976 to serve for three (3) years. Trustees residing in the area served by the exchanges in Barlow, Heath and Kevil shall be elected in 1977 to serve for three (3) years and thereafter on the same rotation basis. If an election of trustees 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 trustees within a reasonable time thereafter. Trustees may be elected by a plurality vote of the members.

SECTION 3. Qualifications.

(1) No person seeking to run for election to the Board of Trustees, and no person nominated for appointment to a vacancy on the Board of Trustees, pursuant to the By-Laws of the Cooperative, will be eligible for such candidacy or appointment and may not be nominated if he/she is related by blood marriage in a degree equal to or closer than first cousin, one generation removed, with any current full-time employee or member of management, any current member of the Board of Trustees, or the Cooperative attorney.

(2) No person shall be eligible to become or remain a trustee of the Co-op who:

- (a) is not a member and is not presently residing in the area served or to be served by the Co-op; or
- (b) is in any way employed by or financially interested in a competing enterprise or business engaged in selling telecommunications service or supplies, or construction or maintaining telecommunications facilities, other than a business operating on a cooperative nonprofit basis for purpose of furthering rural telecommunications.

Upon establishment of the facts that a trustee is holding office in violation of any of the foregoing provisions, the board shall remove such trustee from office.

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

SECTION 4. Nominations. It shall be the duty of the Board to post at the principal office of the Cooperative at least thirty-five (35) days before the Annual Meeting of the membership, at a conspicuous location accessible to members of the public, a list of nominations for trustees to be elected. Nominations may be made only in one of the following two methods:

(1) Any person holding the position of trustee on the date of an Annual Meeting in which that seat is scheduled for election, including any person holding such seat by appointment of the Board of Trustees to fill a vacancy under these By-Laws, shall be entitled to seek reelection to the Board as an incumbent trustee without petition from members of the Cooperative, provided, such person holding such seat shall deliver a written intent to seek reelection to the Cooperative, at its principal office, not less than thirty-five (35) days prior to the date of such Annual Meeting in which he/she seeks election. In the event a vacancy is filled by the Board after the date thirty-five (35) days prior to an Annual Meeting, due to the death, disqualification, removal, disability, resignation, or other vacancy of a trustee's seat, then such appointee to the vacancy shall be included on the ballot for reelection as an incumbent, if such appointee shall deliver at the earliest reasonable date, but not later than the time of the announcement of election ballots at the Annual Meeting, a written intent to seek

reelection. Such appointee shall, under the aforesaid circumstances of a late appointment, be relieved of the 35-day notification requirement. The parliamentary officer announcing the election ballots at the Annual Meeting shall be authorized, if necessary, to amend, or direct voting members to amend, any election ballot to include the name of an appointed trustee qualifying under this subsection.

(2) Any fifty (50) or more members acting together may make other nominations by petition, in writing, delivered to the Cooperative at its principal office not less than thirty-five (35) days prior to the Annual Meeting. Subject to the provisions in subsection (1) above for the filling of a vacancy within 35 days of the Annual Meeting, the Secretary shall publish in a newspaper of general circulation in the geographical area where members reside, at least ten (10) days before the date of the Annual Meeting, the names and addresses of the candidates, specifying separately the incumbent candidates and the nominations made by petition, if any, and containing a statement that the ballot may be subject to amendment pursuant to By-Law Article IV, Section 4, subsection (1). The ballot to be used at the election shall list the names of the incumbent candidates and the names of the candidates nominated by petition, if any, unless amended as set forth in subsection (1) above.

SECTION 5. Removal of Trustees by Members. Any member may bring charges against a trustee and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, or two hundred members, whichever is the lesser, may request the removal of such trustee by reason 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 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.

SECTION 6. Vacancies. Subject to the provisions of these by-laws 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 the 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 special called meeting or annual meeting of the members without compliance with the foregoing provisions in respect of nominations.

SECTION 7. Compensation. (1) Trustees shall not receive any salary for their services as trustees, except, by resolution of the Board, an attendance fee, or a fixed sum for each day or portion thereof, spent on Cooperative business. Board members may also be reimbursed for expenses actually incurred in carrying out Cooperative business.

(2) Definitions. The following definitions shall apply for purposes of this section:

(a) "Attendance fee" shall mean a fee, the amount of which will be established by resolution of the Board, for actual attendance at Board functions;

(b) "Attendance" shall mean (i) the physical presence of a Board member at a Board function, or (ii) for good cause, a Board member's participation at a Board function by means of a telecommunication link, provided the participation is at the same time and with audible and/or audio/ visual transmission that is vocally intelligible to all participants at the Board function and subject to recording, if necessary, and further provided that such telecommunications participation by any Board member shall occur no more than two consecutive functions, nor more than four cumulative functions in a calendar year,

(c) "Board function" shall include, but not be limited to, Board of Trustees meetings, conferences, and training programs or committee assignments when authorized by the Board and such other meetings or functions as one or more trustees may be sanctioned or required to attend from time-to-time by resolution of Board;

(d) "Good cause" shall mean a Board members absence from the location of the physical Board function, as designated pursuant to Article V of these by-laws, such that physical attendance at the Board function is impractical or would otherwise result in hardship for the Board member, and shall include, but not be limited to, an absence by reason of business commitments, vacation, physical infirmity or other reason approved by resolution of the Board at the meeting in which telecommunication participation is or has been requested.

(3) No trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a trustee 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 such trustee or close relative shall have been certified by the Board as an emergency measure.

SECTION 8. Indemnification. The Cooperative shall indemnify, defend and hold harmless each trustee from any liability for any action taken, or any business judgement exercised, in good faith while serving in his/her position or capacity as trustee of the Cooperative. The indemnification herein shall include the reimbursement of any costs and expenses in the prosecution or defense of a claim by any person against the trustee for actions taken or judgment exercised in that capacity and shall pay any judgment, verdict, settlement, award, or other declaration of liability against the trustee in any legal action in any tribunal of dispute resolution proceedings. The indemnity herein shall not apply and shall not be extended to any action in which the trustee acted outside the scope of his/her capacity as trustee, or beyond the authority granted by these By-Laws or the laws of the Commonwealth of Kentucky, nor shall it protect against any intentional, wanton, grossly negligent recklessly indifferent act undertaken by any trustee in bad faith or against his/her duty of loyalty, or from a lack of due diligence and business judgement. The indemnity herein shall be in addition or as a compliment to any insurance or other protective measures adopted by the cooperative or otherwise available under Kentucky law.

ARTICLE V MEETING OF TRUSTEES

SECTION 1. Regular Meetings. A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any three trustees, 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 the trustees calling the meetings shall fix the 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 (5) days previous thereto either personally or by mail, by or at the direction of the Secretary or upon default in duty by the Secretary by the President or 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 records of the Co-op, with postage hereon 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 trustee 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.

ARTICLE VI OFFICERS

SECTION 1. Number. The officers of the co-op shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the board from time to-time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 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 be held at such meetings, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his/her successor shall have been elected and shall have qualified. Any other officer may be elected by the Board from among such employees of the Corporation and with such title, tenure and responsibilities and authorities as the Board of Directors shall so designate. Except as otherwise provided in these by-laws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees. 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 Co-op will be served thereby. In addition, any member of the Co-op may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum (10%) of the members or two hundred (200) members, whichever is the lesser may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. In the event the board does not remove such officer, the question of his/her removal shall be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Co-op and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these by-laws to some other officers or agent of the Co-op, or shall be required by how to be otherwise signed or executed; and
- (c) in general, perform all duties incident to the office of the 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 event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, 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 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 meeting 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 by-laws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Co-op and affix the seal of the Co-op to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Co-op under its seal is duly authorized in accordance with the provisions of these by-laws;
- (d) Keep a register of names and post offices addresses of all members;
- (e) Sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) Have general charge of the books of the Co-op;
- (g) Keep on file at all times a complete copy the Articles of Incorporation and by-laws of the Co-op containing all amendments thereto (which copy shall always be open the inspection of any member) and at the expense of the Co-op, forward a copy of the by-laws and of all amendments thereto to each member, and
- (h) In general, perform all duties incident to the Office of Secretary and such other duties as from time-to-time may be assigned to him/her by the Board.

SECTION 7. Treasurer. Treasurer shall:

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

SECTION 7.01. Delegation of Secretary's and Treasurer's

Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in Section 7 and Section 6, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of such officers duties to one or more agents, officers or employees of the Corporation who are not directors. To the extent that the Board does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

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

SECTION 9. Fidelity Coverage for Employees.

- (a) The Chief Executive Officer, the Manager, the Assistant Manager, the Treasurer and any other officer or employee expressly designated by the Board of Trustees of the Corporation to hold, keep, maintain, deposit, or disburse funds or property, or to otherwise take custody of and to any interest in the funds or property of the Corporation, shall be covered by a Policy or policy rider, addendum, amendment, or other addition to coverage, for fidelity in the performance of his/her duty with regard to the funds and property of the Corporation in such amount as may be necessary, from time to time, to fully compensate the Corporation and its membership from any losses, damages, claims, demands, costs, fees, duties, charges or expenses of any kind, including but not limited to the cost of attorneys

for the defense or prosecution of any claim, for the misappropriation, conversion, theft, or other mishandling or loss of funds or property.

- (b) No person other than one authorized in the fidelity and theft coverage of comprehensive general liability insurance in section (a) above, shall be entitled to hold, keep, maintain, deposit, or disburse funds or property, or to otherwise take custody of and to disburse any interest in the funds or property of the Corporation. Specifically, for purposes of this Section, no Trustee shall be an "officer" within the meaning of section (a), above, so as to be authorized to sign checks or to disburse funds from any financial account of the Corporation without express Written consent by the insurer providing coverage in section (a), above, and by delegation of the Board.
- (c) Management shall give prompt notice to the insurer providing coverage in section (a) above the identity and authority of each person covered under the insurance coverage in this section; and shall give notice in advance of any change in employment or duties of any person who was or is authorized to hold, keep, maintain, deposit, or disburse funds or property, or otherwise to take custody of funds or property of the Corporation.
- (d) In the event the Corporation is required to disburse a sum or sums exceeding the amount of its fidelity coverage in (a) above, management shall take such other reasonable measures as may be required to properly protect the Corporation from loss if such disbursement is deemed thereafter to have been error.

SECTION 10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of the by-laws with respect to compensation for trustees and close relatives of trustees.

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

SECTION 12. Indemnification. The Cooperative shall indemnify, defend and hold harmless each officer from any liability for any action taken, or any business judgment exercised, in good faith while serving in his/her position or capacity as officer of the Cooperative. The indemnification herein shall include the reimbursement of any costs and expenses in the prosecution or defense of a claim by any person against the officer for actions taken or judgment exercised in that capacity and shall pay any judgment, verdict, settlement, award, or other declaration of liability against the officer in any legal action in any tribunal of dispute resolution proceedings. The indemnity herein shall not apply and shall not be extended to any action in which the officer acted outside the scope of his/her capacity as officer, or beyond the authority granted by these By-Laws or the laws of the Commonwealth of Kentucky, nor shall it protect against any intentional, wanton, grossly negligent, or recklessly indifferent act undertaken by any officer in bad faith or against his/her duty of loyalty, or from a lack of due diligence and business judgment. The indemnity herein shall be in addition or as a complement to any insurance or other protective measures adopted by the Cooperative or otherwise available under Kentucky law.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Co-op shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Co-op on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Telecommunications Service.

(1) Furnishing of telecommunications service by the Co-op's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Co-op, in order to induce patronage and to assure that the Co-op will operate on a non-profit basis. The Co-op is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telecommunications service in excess of operating costs and expenses properly chargeable against the furnishing of telecommunications service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Co-op are received with the understanding that they are furnished by the patrons as capital. All payments of capital credits allocated and /or retired pursuant to the terms above may, at the discretion of the Board, be accelerated and applied to any outstanding or delinquent obligation such patron/member shall have to the Co-op on any account for services provided. The books and records of the Co-op shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron.

(2) All other amounts received by the Co-op from its operations in excess of cost and expenses including non-operating margins derived from furnishing goods and services other than telecommunications services, shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year. In the discretion of the Board of Trustees, unclaimed patronage capital credits and non-operating margins shall be (a) allocated to member/patrons based on the member's annual patronage in the year of allocation and any amount so allocated shall be included as part of the capital allocated to the accounts of the various classes of member/patrons in the manner provided herein: or (b) used to establish and maintain a permanent reserve not assignable to members to dissolution of the Co-op.

(3) In the event of dissolution or liquidation of the Co-op, if the Board of Trustees shall determine that the financial condition of the Co-op will not be impaired thereby, the capital credited to members' and patrons' accounts may be retired in full, in part, or on a discounted basis. Any such retirement of capital shall be made in order of priority according to the year in which the capital was furnished to and credited by the Co-op to the patron; the capital first received shall be the first retired. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Co-op will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full, in part, or on a discounted basis.

(4) Capital credited to the account of each patron shall be assignable only on the books of the Co-op, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or part of such patron's premises served by the Co-op unless the Board, acting under policies of general application, shall determine otherwise. This shall be subject to the acceleration of payment of capital credited to the patron/member provided in this section.

(5) Except as provided in Sections 2 and 3 of this Article of these by-laws, and consistent with those provisions, the Board at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his/her estate shall request in writing that the capital credited by any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these by-laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general applications, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Co-op will not be impaired thereby. Any credits of capital that may be payable at the time of a patron/member's death may, at the discretion of the Board, be accelerated prior to the patron/member's death and applied to any outstanding or delinquent obligation such patron/member shall have to the Co-op on any account for services provided.

(6) The patrons of the Co-op by dealing with the Co-op acknowledge that the terms and provisions of the articles of incorporation and by-laws shall constitute and be a contract between the Co-op and each patron, and both the Co-op and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention of each patron of the Co-op by posting in a conspicuous place in the Co-op's office.

ARTICLE VIII DISPOSITION OF PROPERTY

The Co-op may not sell, mortgage, lease or otherwise dispose of or encumber all or any portion in excess of ten percent (10%) of its total assets, excluding ownership interest in other entities, unless such sale, mortgage, lease or other disposition or encumbrance is:

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

Notwithstanding anything herein contained, the Board, without authorization by the members Of the Co-op, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or deed or deeds of trust on, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Co-op, whether acquired or to be acquired and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Co-op to the following entities:

The United States of America or any instrumentality or agency thereof or

To a national financing institution, organized on a cooperative plan, in which the Co-op holds membership, for the purpose of financing its members' programs, projects and undertakings; or

To the Rural Telephone Bank, the Rural Utilities Service or any other financing institution organized for the benefit of rural utility systems; or

To any bank or other financial institution or organization.

In addition to the foregoing paragraph and any other applicable provisions of law or these Bylaws, no sale, lease-sale, exchange, transfer or other disposition within a single calendar year of physical plant of the Co-op with net value in excess of ten percent (10%) of the Co-op's total assets excluding ownership interest in other entities based upon the most recent audit of the Co-op, shall be authorized except in conformity with the following:

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, not-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Co-op 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) such appraisers shall be designated by a District Court Resident Judge for the Judicial District in Kentucky in which the Co-op's headquarters are located. If such Judge refuses to make such designations, they shall be made by the board.

If the Board after receiving such appraisals (and Other terms and conditions which are submitted, if any) determines by members, it shall first give every other rural telecommunications cooperative corporately sited and operating in Kentucky (which has not made

such an offer for such sale, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals. Such opportunity shall be in the form of written notice shall be attached to a copy of the proposal which the Co-op has already received and copies of the respective reports of the three (3) appraisers. Such rural telecommunications cooperatives shall be given not less than thirty (30) days during which to submit competing proposals, and actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

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 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 members 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 of notice thereof to the members; PROVIDED, that consideration and action by the members may be given at the next annual meeting of the Board so determines and if such annual meeting is held not less than ten (10) not more than thirty (30) days after giving notice of such meeting.

Any fifty 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 Co-op, with cost to be borne by the Co-op, 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 this Article shall not apply to the sale, lease, lease-sale, exchange, transfer or other disposition to one or more rural telecommunications cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more rural telecommunications cooperatives.

The foregoing provisions of this Article shall not apply to prohibit or limit the Co-op from entering into any mortgage or security agreement or other financial contract approved by the Board.

ARTICLE IX SEAL

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

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 Co-op, 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 Co-op shall be signed by such officer or officers, agent or agents, employee or employees of the Co-op and in such manner as shall from time-to-time be determined by resolution of the Board.

SECTION 3. Deposits. All funds of the Co-op shall be deposited from time-to-time to the credit of the Co-op in such bank or banks as the Board may select.

SECTION 4. Fiscal Year. The fiscal year of the Co-op shall begin on the first (1st) day of July of each year and shall end on the thirtieth (30th) day of June of the following year.

ARTICLE XI MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Co-op shall not become a member of or purchase stock in any other organization

without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Co-op may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of telecommunications service, or with the approval of the Administrator of RUS, or any other corporation for the purpose of acquiring telecommunications facilities or assuring more adequate telecommunications service to its members.

SECTION 2. Waiver of Notice. Any member or trustee may waive in writing any notice of meeting required to be given by these by-laws. 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 law, the Articles of Incorporation or these by-laws, as it may deem advisable for the management of the business and affairs of Co-op.

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 RUS of the United States of America. The Board shall also after the close of each fiscal year cause to be made full and complete audit of the accounts, books and financial condition of the Co-op as of the end of such fiscal year.

ARTICLE XII

These by-laws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all of the trustees at any regular or special meeting, provided a notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

It shall be the Cooperative's mission to provide telecommunication services that improve the quality of life for our members and the continued viability of the cooperative by deploying appropriate technologies, at justifiable costs, with skilled and motivated employees providing customer service, while maintaining our rural heritage in the community.