



PLANTERS RURAL TELEPHONE COOPERATIVE, INC.

NEWINGTON, GEORGIA BYLAWS

BYLAWS
OF
PLANTERS RURAL TELEPHONE COOPERATIVE, INC.

ARTICLE 1

MEMBERSHIP

SECTION 1. Requirements for membership.

Any natural person, firm, association, corporation, other legally recognized entity, or body politic or subdivision thereof (hereinafter collectively called "persons") may become a member of PLANTERS RURAL TELEPHONE COOPERATIVE, INC. (hereinafter called the "Co-op") upon receipt of telecommunications services from the Co-op and satisfaction of the following conditions:

- (a) The person has made a written application for membership in the form prescribed by the Co-op;
- (b) The person has agreed to purchase services from the Co-op in accordance with established tariffs and terms and as hereinafter specified;
- (c) The person has agreed to comply with and be bound by the Articles of Incorporation and Bylaws of the Co-op and any rules, regulations, and membership application terms adopted from time to time by the board of trustees (hereinafter called the "Board");
- (d) The person has been accepted for membership by the Board or the members;
- (e) The person has paid any membership fee, security deposit, contribution in aid of construction, and such other fees or charges as may be set by the Board or set forth in the rules, regulations, and membership application terms of the Co-op; and
- (f) The person has satisfied all other reasonable conditions established for membership by the Board.

Agreement to pay or payment of the membership fee in accordance with the provisions of these Bylaws 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 (e) of this Section.

Should the Co-op ascertain that it is providing service to a person who has not complied with, and upon written request refuses or fails to comply with, any one or more of these conditions, the Co-op may terminate service to such person. A person, either individually or through a sole proprietorship, may not hold more than one membership in the Co-op, and no membership shall be transferrable, except as provided in these Bylaws.

All applications received more than sixty (60) 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 herein, any such application may be accepted by the 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 such applicant's application will be submitted and such applicant shall be entitled, subject to procedural rules and time limits set by the Board, 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. No membership certificate shall be issued for less than the membership fee, nor until such membership fee has been fully paid unless waived by the Board as provided herein. If a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Co-op as the Board may prescribe.

SECTION 3. Joint Membership.

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 membership. The term "member" as used in these Bylaws shall be deemed to include both 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) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall constitute the expulsion of both for the purposes of Section 9 of this Article;
- (f) Withdrawal of either shall constitute withdrawal of both for the purposes of Section 9 of this Article;
- (g) Either, but not both concurrently, may be elected or appointed as an officer or trustee, but only if both meet the qualifications for such office; and
- (h) A debt, liability, or obligation of one joint member or both joint members to the Co-op shall be the joint and several liability of each joint member to the Co-op.

SECTION 4. Conversion of Membership; Effect of Death, Legal Separation or Divorce Upon A Joint Membership

- (a) Conversion of Membership to Joint Membership. A membership may be converted to a joint membership upon: (i) the written request of the member; (ii) the agreement by such member and his or her spouse to comply with the Articles of Incorporation, Bylaws, and any rules, regulations, and membership application terms; and (iii) if required by the Co-op, the joint execution of an updated application for membership. 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) Effect of Death of Spouse Upon a Joint Membership. Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor in the same manner and to the same effect as though such membership had never been joint. Upon the Co-op receiving written notice and sufficient proof of death of a spouse in a joint membership, (i) the outstanding membership certificate shall be surrendered and reissued in such manner so shall indicate the changed membership status, and (ii) the Co-op shall assign and transfer to the surviving spouse the Capital Credits allocated or to be allocated at the time of death to the joint membership; however, the estate of the deceased shall not be released from any debts due the Co-op and the surviving spouse shall not be entitled to a payment of a premature distribution of such Capital Credits.
- (c) Effect of Separation or Divorce Upon A Joint Membership. Upon the Co-op receiving written notice and sufficient proof of the dissolution of marriage between spouses in a joint membership, the joint membership shall terminate, and if either spouse desires to become a member, he or she shall reapply for membership. Notwithstanding the forgoing, both spouses in a joint membership that terminates will continue to be jointly and severally liable for any debts due to the Co-op. In addition, unless otherwise instructed by a court or administrative body of competent jurisdiction, the Co-op shall assign and transfer to each spouse one-half (1/2) of the Capital Credits allocated, or to be allocated at the time of dissolution, to the joint membership.

Each spouse in a joint membership shall be responsible to notify the Co-op of a legal change in status causing a termination of the joint membership (e.g., divorce, legal separation, or death). The Co-op shall be entitled to rely on the statement of either joint member as to a change in status without obtaining verification from the other joint member. The determination as to whether a membership is joint or individual shall be made by the Co-op in its sole discretion.

SECTION 5. Membership and Service Connection Fees.

The membership fee shall be such sum, or sums, as may be determined by the Board, and upon payment of which a member shall be eligible for one service connection. Additional fees shall be paid for additional connection, extension and other available service accordance with the rules and regulations prescribed by the Board.

SECTION 6. Purchase of Telecommunications Service.

Each member and applicant for membership shall be obligated to, as soon as telecommunications service is available, purchase service from the Co-op, unless temporarily prevented from doing so by causes reasonably beyond the control of the member, and shall pay for service at rates and in such intervals as shall from time to time be fixed by the Board: however, the Board may limit the amount of telecommunications service which the Co-op shall be required to furnish to any one member. As used herein, the term “telecommunications service” shall mean those services offered by Co-op that are considered “telecommunications services” as such term is defined by the Federal

Communications Commission, but such term shall also include “information service.” Without limiting the foregoing, “telecommunications service” shall include telephone service and broadband and internet service.

SECTION 7. Additional Obligations of Members and Applicants for Membership.

Each member and applicant for membership shall be obligated to:

- (a) Timely pay all sums due the Co-op under the rates, tariffs, and rules, regulations, and membership application terms promulgated from time to time by the Co-op. When the member receives more than one service from the Co-op, any payment for service by the member to the Co-op shall be deemed to be allocated and credited on a pro rata basis to the member’s outstanding accounts for all such service connections, regardless of how such payment is designated by the member;
- (b) Upon request by the Co-op, execute and deliver to the Co-op grants of easement or rights of way over, on, and under lands owned by the member for the furnishing of service to the member or other members or for the construction, operation, maintenance, or relocation of the Co-op’s facilities, lines, and equipment for current or future members and applicants for membership;
- (c) Provide to the Co-op a current address for communications and billing and promptly provide any change of address to the Co-op;
- (d) Promptly notify the Co-op of all changes in circumstances that may affect the member’s status or relationship with the Co-op (e.g., death, divorce, legal separation, dissolution, or name change); and
- (e) Comply with and be bound by the Articles of Incorporation, Bylaws, and any rules, regulations, and membership application terms adopted from time to time by the Board.

The Co-op shall use reasonable diligence to furnish its members with dependable services, although the Co-op cannot guarantee that services will be continuous and uninterrupted. Each member shall provide all necessary equipment on such member’s premises to receive services from the Co-op. All work performed on a member’s premises by such member to enable receipt of services from the Co-op shall meet all applicable laws, rules, regulations and codes. Each member shall be responsible for and shall indemnify the Co-op and its employees, agents, and contractors against death, injury, loss, or damage resulting from any defect in or improper use or maintenance of the member’s premises or equipment used to receive services.

By doing business with the Co-op, each member agrees that in the event it is necessary for the Co-op to hire collection agencies, consultants or attorneys to pursue collection activities for amounts owed by the member to the Co-op, the member shall pay the Co-op’s costs for such collection activities in addition to the amount originally owed to the Co-op.

SECTION 8. Transfer of Membership.

Upon consolidation, merger, or sale of substantially all its assets, a member that is not a natural person may request the Co-op to transfer its membership to a successor or a purchaser of such assets if such successor or purchaser (i) is otherwise eligible for membership and has met the

requirements for membership set forth in this Article I, (ii) has satisfied or made adequate provisions for the satisfaction of the member's outstanding liabilities and obligations to the Co-op, and (iii) has satisfied any additional terms and conditions the Board may establish for such transfer, including without limitation, the payment of a reasonable fee for the transfer and the execution of such documents as the Co-op may reasonably require.

SECTION 9. Withdrawal From Membership, Suspension, and Termination of Membership.

- (a) Any member may withdraw from membership upon payment in full of all debts, liabilities, and obligations of the member to the Co-op and in compliance with such uniform terms and conditions as the Board may prescribe.
- (b) Upon a member's failure to pay for service provided by the Co-op within the time required or upon the member's failure to comply with the member's obligations set forth in these Bylaws, rules, regulations, and membership application terms of the Co-op, the membership rights of the member shall automatically be suspended. The member shall not, during such suspension, be entitled to receive service from the Co-op or to cast a vote at any meetings of the members. If within sixty (60) days from the date of such suspension the member pays all sums required by the Bylaws, rules, regulations, and membership application terms for reinstatement of service and shall satisfactorily correct any other non-compliance with the Bylaws, rules, regulations, and membership application terms of the Co-op, such member's membership shall be automatically reinstated, in which event the member shall thereafter be entitled to receive service from the Co-op and to vote at the meetings of its members.
- (c) The membership of a member, who for a period of thirty (30) days after service is available to that member has not permitted the installation of service or who has ceased to purchase service from the Co-op, may be cancelled by resolution of the Board.
- (d) A member will be deemed to have withdrawn and terminated the member's membership in the Co-op upon:
 - i. The member's failure to timely reinstate the member's membership which has been suspended in accordance with this Section;
 - ii. The member's withdrawal from membership in accordance with this Section;
 - iii. The death of the member, if such member is a natural person; or
 - iv. The cessation of the legal existence of the member, if such member is other than a natural person; however, upon the dissolution for any reason of a partnership or upon the withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining partner or partners, including additional partners, that continue to purchase services from the Co-op or continue to own or directly occupy or use the premises to which service is being furnished pursuant to such membership.
- (e) A member may be expelled from membership pursuant to such reasonable terms and conditions as may from time to time be adopted by the Board.
- (f) Upon the withdrawal, termination, 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 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 the member's estate from any debts due the Co-op.

- (g) If a membership fee has been paid by a landlord on behalf of his tenant, upon removal of such tenant from the landlord's premises, the membership of such tenant shall terminate.
- (h) Upon termination of membership for any reason, the Co-op shall not repay the member or the member's landlord, in any case in which the membership fee shall have been paid on behalf of the member by such member's landlord, the amount of the membership fee paid unless a successor in occupancy is 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 Bylaws. Any refund of membership fees pursuant to this subsection shall be made in the order in which memberships shall have been terminated. Prior to the repayment of the membership fee paid by the member, the Co-op shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Co-op.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property interest of members.

Upon dissolution, after (a) all debts and liabilities of the Co-op shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these Bylaws; and (c) all membership fees have been repaid, the remaining property 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 during the ten (10) years preceding the date of the filing of the certificate of dissolution, 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 the 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

MEETINGS OF MEMBERS

SECTION 1. Annual meeting.

The annual meeting of the members shall be held on the first (1st) Thursday in May of each year at such place in the County of Screven, State of Georgia, 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 Sunday or legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture of dissolution of the Co-op.

SECTION 2. Special meetings.

Special meetings of the members may be called by resolution of the Board or upon a written request signed by any three (3) trustees, by the President, or by not less than two hundred (200) or ten percent (10%) of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Screven, State of Georgia and be specified in the notice of the special meetings.

SECTION 3. Notice of Members' Meetings.

Written notice stating the place, day, and hour of the meeting, and in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty (20) 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 member's address as it appears on the records of the Co-op, with postage prepaid thereon. The failure of any members to receive notice of an annual meeting or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. Further, the attendance of a member at any meeting of the members shall constitute a waiver of notice of time, place, and purpose of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the grounds that the meeting was not lawfully called or convened, and such person files in writing such objections with the Secretary of the Co-op at the time of attendance.

SECTION 4. Quorum.

As long as the total number of members does not exceed five hundred (500), ten percent (10%) of the total number of members present in person shall constitute a quorum. If the total number of members shall exceed five hundred (500), fifty (50) members or two percent (2%) of the members present in person, whichever shall be the larger, shall constitute a quorum. 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. The minutes of each meeting shall contain a list of the members present in person.

SECTION 5. Voting Guidelines and Procedures.

- (a) 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 Bylaws.
- (b) Voting by persons on behalf of entities (persons other than natural persons) shall be allowed only upon the presentation to the Co-op prior to, or upon registration at, each annual meeting or special member meeting, satisfactory evidence entitling the person to cast a vote on behalf of such entity.

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 meetings:

- (a) Report on the number of members present in person in order to determine the existence of a quorum;
- (b) Reading of the notice of the meeting and proof of the due publication of mailing thereof or the waiver or waivers of notice of the meeting, as the case may be;
- (c) Reading 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 trustees;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

Notwithstanding the foregoing, the Board may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any items of business the transaction of which is necessary or desirable in advance of any other items of business; however, no business other than adjournment of the meeting to earlier time and place may be transacted unless and until the existence of a quorum is first established. If a revised order of business is established by the Board, notice of the revised order shall be provided in the notice of the meeting.

SECTION 7. Robert's Rules of Order.

Parliamentary procedure at any meeting of the members shall be governed by the most recent edition of *Robert's Rules of Order*, except to the extent such procedure is otherwise controlled by law, the Articles of Incorporation or these Bylaws. Any failure to conduct the meeting in compliance therewith, however, shall not render invalid any action taken at the meeting unless objection citing such failure is made at the time such action is taken.

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, to be elected as follows: four (4) from Screven County and three (3) from Effingham County. All of the trustees shall be elected for terms of three (3) years, but each trustee shall continue to serve until his or her successor is elected and qualified. The trustees shall exercise all of the powers of the Co-op except such as are by law, the Articles of Incorporation or these Bylaws, conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office.

At each annual meeting two (2) trustees shall be elected each year to serve three (3) year terms or until their successors shall have been elected and shall have qualified, except that three (3) trustees shall be elected each third (3rd) annual meeting. 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 shall be elected by a plurality vote of the members.

SECTION 3. Qualifications.

No person shall be eligible to become or remain a nominee for trustee or a trustee unless:

- (a) Such person is a member of the Co-op and is presently residing in the area served or to be served by the Coop;
- (b) Such person is otherwise qualified as a member of the Co-op as provided in these Bylaws;
- (c) Such person is not in any way employed by or financially interested in a competing enterprise or a business engaged in selling telecommunications service or supplies, or constructing or maintaining telecommunications facilities, other than a business operating on a cooperative, nonprofit basis for the purpose of furthering rural telecommunications.
- (d) Such person is not currently employed by and has not been employed by the Co-op in any form or capacity within the two (2) year period prior to the meeting at which such person stands for election as a trustee.

Upon the establishment of the fact that a trustee is holding office in violation of any of the foregoing provisions, the Board shall remove such trustee from office. Upon establishment of the fact that a nominee or candidate for trustee is in violation of any of the foregoing provisions, such person shall be removed from consideration.

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.

- (a) It shall be the duty of the Board to appoint, not less than forty (40) nor more than seventy (70) days before the date of the meeting of the members at which trustees are to be elected, a committee on nominations (the "Nominating Committee") consisting of not less than five (5) nor more than eleven (11) members who shall be selected by the Board so as to ensure equitable representation to the geographical areas served by the Co-op. The members of any such Nominating Committee shall not be candidates for trustee, incumbent trustees, officers, or employees of the Co-op. The Nominating Committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Co-op at least thirty (30) days before the meeting a list of nominations for trustees.
- (b) Any fifteen (15) or more members acting together, over their signatures, and not less than twenty (20) days prior to the meeting, may make other nominations by petition, provided that the signatures on all such petitions will be subject to verification by the Credentials and Election Committee (for the purpose of verification, the member's name shall be printed next to the member's signature). The Secretary, upon being personally presented with any such

petition shall, immediately following verification of validity of the petition by the Credentials and Election Committee, post such nominations at the same place where the list of nominations made by the Nominating Committee is posted.

- (c) The Secretary shall mail with the notice of the meeting or separately, but at least ten (10) days before the date of the meeting, a statement of the number of trustees to be elected at the meeting, and the names and addresses of each nominee, showing nominees nominating by the Nominating Committee separately from the nominees nominated by petition, if any.
- (d) Any nominations, be it by Nominating Committee or petition, must designate the Board seat for which the nominee desires to be a candidate. Any questions regarding the eligibility of candidates shall be determined by the Credentials and Election Committee. Any ineligible nominees will not be accepted, and no candidate will be considered, unless qualified by one of the two methods set out above.

SECTION 5. Removal of Trustees by Members.

Any member may seek removal of a trustee by identifying just cause for removal related to the trustee's duties and responsibilities of his or her position and, by filing with the Secretary such allegations in writing together with a petition signed by at least ten percent (10%) of all members of the Co-op or two hundred (200) members, whichever is the lesser. Such trustee shall be informed in writing of the allegations at least ten (10) days prior to the meeting of the numbers at which the allegations 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 allegations. The person or persons asserting the allegations against such trustee 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.

Except as provided in Article IV, Section 5, 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; however, in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect of nominations.

SECTION 7. Compensation.

Trustees shall receive compensation, in such amounts and form of payment, as is fixed by resolution of the Board. If authorized by the Board, trustees may also be reimbursed for expenses actually and necessarily incurred in carrying out such Co-op business, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No close relative of a trustee shall receive compensation for serving the Co-op, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the trustees or a trustee's close relative shall have been certified by the Board as an emergency measure. For the purpose of these Bylaws, a "close relative" includes grandparents, parents, spouse, children, grandchildren, brother, sisters, uncles, aunts, nephews, and nieces by blood, by marriage, or by adoption, and spouses of any of the foregoing.

SECTION 8. Credentials and Election Committee.

The Board shall, within a reasonable time before any meeting of the members held for the purpose of the election of trustees, appoint a Credentials and Election Committee. Any Credentials and

Election Committee shall consist of an uneven number of members, numbering at least three (3), who are not members of the Nominating Committee or existing Co-op employees, agents, officers, trustees or known candidates for trustee, and who are not close relatives of any of the foregoing.

Each Credentials and Election Committee shall elect its own chairman and secretary.

It shall be the responsibility of the Credentials and Election Committee, once appointed:

- (a) To resolve any disputes or questions concerning the validity of the petitions of nomination and the qualification of candidates for election to the Board of the Co-op;
- (b) To count all ballots or other votes cast in any election or in any other matter;
- (c) To rule upon the effect of any ballots or votes irregularly or indecisively marked or cast;
- (d) To resolve any dispute concerning the eligibility of any person to register to vote at such a meeting;
- (e) To resolve any dispute concerning the eligibility of any person to register to vote on behalf of an entity which is a member entitled to vote at such annual meeting;
- (f) To pass upon any protest or objection filed with respect to any election of trustees or to conduct affecting the results of any such election;
- (g) To establish or approve and oversee the manner of conducting member registration and voting; and
- (h) To rule upon all other questions that may arise relating to member voting and the election of trustees.

In the exercise of its responsibility, the Credentials and Election Committee shall have available to it the advice of counsel provided by the Co-op.

Any protest or objection concerning any ballot or vote must be filed during, or within three (3) business days following, the adjournment of the meeting in which the election is conducted. The Credentials and Election Committee shall, after the President's notice to all affected candidates, be reconvened. The Credentials and Election Committee shall hear such evidence as is presented by the protestors or objectors, who may be heard in person, by counsel, or both, and any opposing evidence. The Credentials and Election Committee shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Credentials and Election Committee shall act by majority vote and may not act on any matter unless a majority of its members are present at a meeting. The Credentials and Election Committee's decision on all matters covered by this Section shall be final.

Without limiting the foregoing duties and prerogatives of the Credentials and Election Committee, upon the request of the person presiding at the meeting of the members or upon the request of any member present at such meeting, such Credentials and Election Committee shall make a report in writing of any challenge, question, count, or matter determined by the Credentials and Election Committee and execute a certificate of any fact found by them. Any such report or certificate made by them shall be prima facie evidence of the facts stated and of the vote as certified by them.

SECTION 9. Power to Appoint Committees.

Except where the composition of a committee is established by these Bylaws, the President or the Board may establish (and abolish) committees comprised of trustees or others. Such committees shall not have any of the powers of the Board and shall perform such functions as are assigned specifically to them for the purpose of advising or making recommendations to the Board. When

establishing (and abolishing) such committees, the President shall comply with such policies and rules and regulations, if any, as may from time to time be adopted by the Board with respect to such committees.

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 in Screven County, Georgia, as the Board may provide by resolution. Such regular monthly meetings 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 of three (3) 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 trustees calling the meeting shall fix the date, time, and place (which shall be in Screven County, Georgia) for the holding of the meeting.

SECTION 3. Notice of Special Trustees' Meetings.

Written notice of the date, 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 the trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustees at his or her address as it appears on the records of the Co-op, with postage prepaid thereon. Notice of a special meeting need not be given to any trustee who signs a waiver of notice either before or after the meeting. Attendance of a trustee at any meeting shall constitute a waiver of notice of such meeting, except when a trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened, which objection shall be voiced at the commencement of the meeting.

SECTION 4. Quorum.

A majority of the Board shall constitute a quorum; however, if less than a majority of trustees are present at said meeting, a majority of the trustees present may adjourn the meeting from time to time. The Secretary shall notify any absent trustees of the time and place of such adjourned meeting.

SECTION 5. Action of Board.

The vote of a majority of the trustees present and voting at a meeting at which a quorum is present shall be the act of the Board, unless the vote of a greater number is required by law, the Articles of Incorporation, or these Bylaws.

The members of the Board or any committee designated by the Board may participate in a meeting

of the Board or such committee by means of conference, telephone, or similar communications equipment, by means of which all persons participating in the meeting can hear each other. Participation in a meeting in this manner shall constitute presence in person at such meeting.

SECTION 6. Written Consent.

Any action required or permitted to be taken at a meeting of the Board may be taken without a meeting if a written consent, setting forth the action so taken, is signed by all the trustees and filed with the minutes of the proceedings 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. All persons holding such offices must be trustees. The Board shall have the power to create additional officers of the Co-op and shall set forth by resolution any such officers created.

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 not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the members or until his successor shall have been elected and shall have qualified, subject to the provisions of these Bylaws with respect to removal of officers. Except as otherwise provided in these Bylaws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees.

Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Co-op will be served thereby. In addition, any member of the Co-op may bring allegations against an officer by filing with the Secretary such allegations in writing together with a petition signed by ten percent (10%) of the members or two hundred (200) members, whichever is the lesser. The officer against whom such allegations have been brought shall be informed in writing of the allegations at least ten (10) days prior to the Board meeting at which the allegations are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect of the allegations; and the person or persons bringing the allegations against him or her shall have the same opportunity. In the event the Board does not remove such officer, the question of his 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 Bylaws to some other officer or agent of the Co-op, or shall be required by law to be otherwise signed or executed; and

(c) In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice President.

In the absence of the President or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. Secretary.

The Secretary shall:

(a) Keep the minutes of the meetings of the members and of the Board in one book or more books provided for that purpose;

(b) See that all notices are duly given in accordance with these Bylaws or as required by laws;

(c) Be custodian of the corporate books and records and of the seal of the Co-op and affix seal of the Co-op to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Co-op under its seal is duly authorized in accordance with the provisions of these Bylaws;

(d) Keep a register of the names and post office addresses of all members;

(e) Sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board of members;

(f) Have general charge of the books of the Co-op;

(g) Keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Co-op containing all amendments thereto (which copy shall always be open to the inspection of any member upon request) and at the expense of the Co-op, forward a copy of the Bylaws 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 the Secretary by the Board.

SECTION 7. Treasurer.

The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Coop;
- (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 monies in the name of the Co-op in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) Perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board.

SECTION 8. Manager.

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

SECTION 9. Bonds of Officers.

The Treasurer and any other officer or agent of the Co-op charged with responsibility for the custody of any of its funds for property shall give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Co-op to give bond in such amount and with surety that it may determine. All premiums and expenses associated with the acquisition and maintenance of the bond for such officers, agents, or employees shall be paid by the Co-op.

SECTION 10. Compensation.

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

SECTION 11. Reports.

At each annual meeting of the members, the officers of the Co-op shall submit reports covering the business of the business of the Co-op for the previous fiscal year.

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 non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Co-op on any capital furnished by its patrons. The term "patron" means a member or any other person receiving services from the Co-op and to whom the Co-op is obligated to allocate Capital Credits, as provided herein, which obligation existed before the Co-op received payment for such services. No person who is not a

member of the Co-op shall be considered a patron hereunder unless and until the Board passes a written resolution or policy authorizing the Co-op to treat such person as a patron.

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

In the furnishing of the telecommunications service the Co-op's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Co-op.

- (a) Patronage Earnings. 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 allocate among patrons, on a patronage basis ("Patronage Allocation"), all amounts received and receivable from the furnishing of telecommunications service in excess of costs and expenses properly chargeable against the furnishing of telecommunications service ("Patronage Net Margins"). The Board may, by resolution, create a legal obligation of the Co-op to make Patronage Allocations for earnings other than from telecommunications service. Patronage Allocations shall be made solely in each patron's name as shown on the Co-op's books and records. All Patronage Net Margins at the moment of receipt by the Co-op are received with the understanding that they are furnished by the patrons as capital contributions and shall be credited to each such patron's capital account ("Capital Credits"). Unless otherwise provided by Board resolution, the Co-op is not obligated to furnish such credits for services which are not billed and collected by the Co-op, even when such services are partially rendered over the facilities of the Co-op. Capital Credits allocated among patrons' capital accounts are treated as though the Co-op paid the amount allocated to the patron in cash pursuant to a pre-existing legal obligation and the patron contributed the corresponding amount to the Co-op as capital. For purposes of this Article, "Patronage Earnings" are all amounts received and receivable from the furnishing of telecommunications service or for which the Co-op is obligated to make Patronage Allocations, and "Non-Patronage Earnings" are all other amounts.
- (b) Non-Patronage Earnings. All other amounts received by the Co-op, including Non-Patronage Earnings and distributions actually received from subsidiaries in excess of costs and expenses chargeable thereto shall, insofar permitted by law, be:
 - i. Used to offset any losses incurred during the current or any prior fiscal year, or
 - ii. To the extent not needed for that purpose, transferred into reserve accounts for early retirement of debt, construction of plant facilities that will improve services to the members, or any other purpose for which reserve accounts may be created; or
 - iii. To the extent not needed for that purpose, and only if approved by Board resolution, allocated to patrons on a patronage basis, and any amount allocated shall be allocated as Capital Credits to the capital accounts of patrons in the same manner and under the same terms as provided herein with respect to Patronage Allocation of Patronage Earnings.
- (c) Losses. To the extent the Co-op incurs a loss, the Board may elect to: (i) allocate such loss, or portion thereof, to patrons on a patronage basis in the same manner as provided herein with respect to Patronage Allocation of Patronage Earnings, unless such allocation violates any law or legal obligation of the Co-op; or (ii) offset such loss, or portion thereof, against Patronage Earnings or Non-Patronage Earnings generated in succeeding fiscal years, unless such offsetting violates any law or legal obligation of the Co-op. The Co-op may determine losses with respect to specific service units, such as telephone service, other communications service, or other services.
- (d) Notice of Allocation; Methods of Allocation. The Co-op shall, within a reasonable time after

the close of the fiscal year, notify each patron of the amount of Capital Credits so credited to each such patron's account. The Board will determine the manner, method, and timing of Patronage Allocations and may create classes of patrons for the purpose of allocating Capital Credits.

- (e) Use of Unretired Funds. The Co-op may use or invest unretired Capital Credits and other capital as determined by the Board.
- (f) Retirement of Capital Credits. In the event of dissolution or liquidation of the Co-op, after all outstanding indebtedness of the Co-op shall have been paid, outstanding Capital Credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. 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, Capital Credits may be retired in full or in part. Notwithstanding any other provision herein, the Board has complete discretion in determining when to retire Capital Credits and the effect any potential retirement would have on the financial condition of the Co-op. Any retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Co-op being first retired. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the Co-op shall equal at least forty percent (40%) of the total assets of the Co-op.
- (g) Failure to Claim Capital Credits. Except as otherwise provided herein, all retirements of Capital Credits shall be paid to the patron or former patron whose name is shown in the Co-op's books and records. At all times, patrons and former patrons shall continuously update their addresses with the Co-op, and they acknowledge that the failure to do so may result in not receiving payment of retired Capital Credits. The Board may impose a reasonable and periodic dormancy or service charge if a patron or former patron fails to receive and claim retired Capital Credits.
- (h) Accelerated Retirement - Generally. As determined by the Board, before the time the Co-op anticipates normally retiring and paying Capital Credits, the Co-op may, in the Board's sole discretion, retire some or all Capital Credits and pay the net present value thereof. In such case, the Board shall specify a reasonable discount rate, discount period, and any other factor necessary to determine such net present value.
- (i) Set-Off Right; Accelerated Retirement for Delinquent Accounts. Regardless of a statute of limitation or other time limitation, the Co-op may recoup, offset, or setoff an amount owed by a patron or former patron to the Co-op, including any compounded interest and late payment fee, by reducing the amount of retired Capital Credits paid to the patron or former patron by the amount owed to the Co-op. If permitted by applicable laws, the Board, in its sole discretion, may elect to retire Capital Credits of a current or former patron with a delinquent account before the time the Co-op anticipates normally retiring and paying Capital Credits, and in such case the provisions hereof for accelerated retirement shall apply.
- (j) Assignment of Capital Credits. Capital Credits shall be assignable only on the book of the Co-op, pursuant to written instruction from the assigner and only to successors in interest or successors in occupancy on 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.
- (k) Accelerated Retirement of Deceased Natural Persons' Capital Credits. Notwithstanding any other provision of these Bylaws, at any time upon the death of a patron or former patron who is a natural person and upon the written request of the legal representatives of such patron's or former patron's estate, the Board shall have the power, in its discretion, to retire

such Capital Credits, in whole or part, at a time prior to the time such Capital Credits would otherwise be retired under these Bylaws upon such terms and conditions as the Board prescribes as long as the financial condition of the Co-op will not be impaired thereby. The Board may specify a form required for any proposed accelerated retirement. Among other terms and conditions, the Board may require any person applying to receive retired Capital Credits of a deceased patron or former patron to execute an agreement to indemnify the Co-op against future claims for such retired Capital Credits or any other loss or threatened loss related to the payment of retired Capital Credits to such person.

- (l) Accelerated Retirement Methods. When any provision hereof authorizes discounted retirement of Capital Credits, the Board is authorized to determine the applicable capital rotation period, the discount rate, and any other factor relevant to calculating the discounted value of Capital Credits. The Co-op's payment of specially retired Capital Credits in regard to a deceased patron on a discounted basis as provided hereunder, shall constitute a full and final settlement and discharge of any right to the full face value of such Capital Credits. Unless otherwise provided by Board resolution, the difference between the full face value of the Capital Credits and the discounted value of such Capital Credits determined for purposes of special retirement shall be deemed (i) received by the deceased patron, and (ii) immediately contributed to Co-op in exchange for a new equity interest in the Co-op that is payable only upon dissolution of the Co-op and that shall entitle the holder to no interest, rate of return, or dividends.
- (m) Uncertain Entitlement. If the Co-op is uncertain about a person's entitlement to retired Capital Credits (such as when a person is not identified as a patron or former patron on the books and records of the Co-op), it may withhold such retired Capital Credits until such person provides adequate documentation to the satisfaction of the Co-op that such person is entitled to receive such retired Capital Credits. In such cases, the Co-op may also require, among other things, such person to execute an agreement to indemnify the Co-op against future claims for such retired Capital Credits or any other loss or threatened loss related to the payment of retired Capital Credits to such person.
- (n) De Minimis Amounts. When the amount of Capital Credits of any patron or former patron that no longer receives service from Co-op is less than a fixed sum determined by the Board, the Board is authorized to retire such Capital Credits at the same time that a general retirement to other members is made.

SECTION 3. Agreement of Patrons and Former Patrons.

Each patron and former patron agrees that:

- (a) Capital Credits are not securities under state or federal law;
- (b) The patron's or former patron's right to Capital Credits vests and becomes payable only upon the Co-op retiring the Capital Credits as provided in these Bylaws, and not upon the Co-op allocating the Capital Credits; and
- (c) If required by applicable law, each patron or former patron will report all allocated or retired Capital Credits and pay any appropriate tax thereon.

SECTION 4. Effect of Bylaws.

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

provisions of this Article shall be called to the attention of each patron of the Co-op by posting in the Co-op's telephone directory, posting on the Co-op's website, or posting in a conspicuous place in the Co-op's office.

ARTICLE VIII

DISPOSITION OF PROPERTY

The Co-op may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3rds) of all of the members of the Co-op, and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, that notwithstanding anything contained herein, the Board, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any 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 United States of America or any instrumentality or agency thereof, or to a national financial institution, organized as a cooperative, in which the Co-op holds membership; provided further that the Board may upon the authorization of a majority of those members of the Co-op present at the meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another cooperative or foreign corporation doing business in this State pursuant to the Act under which this Co-op is incorporated.

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 (Name of the State)." In the event it is inconvenient to affix such a seal at any time, the words "Corporate Seal" or the word "Seal" accompanying the signature of an officer signing for and on behalf of the Co-op shall be the seal of the Co-op.

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. Contracts.

Except as otherwise provided in these Bylaws or by law, 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. Unless so authorized, no officer, agent, or employee shall have any power or authority to bind the Co-op by any contract or to pledge its credit or to render it liable for any sum of money, or for any other purpose.

SECTION 2. Financial Instruments.

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 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, except petty cash, 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 or as may be selected by any officer of the Co-op to whom such power may be delegated from time to time by the Board.

SECTION 4. Change in Rates.

If required, written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in monthly rates charged by the Co-op for telephone service becomes effective.

SECTION 5. Fiscal Year.

The fiscal year of the Co-op shall begin on the first (1st) day of January of each year and shall end on the thirty-first (31st) day of December of the same year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Type of Business to be Conducted.

Unless prohibited by law, the Co-op may engage in any business determined by the Board in its sole discretion to be beneficial to the general, long-term interests of the Co-op.

SECTION 2. 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 purchases; provided, however, that the Co-op may upon the authorization of the Board, purchase stock in or become a member of any telecommunications cooperative or any other non-profit corporation or association engaging in the cause of furthering rural telecommunications., or with the approval of the Administrator of the Rural Utilities Service, of any other corporation for the purpose of acquiring telecommunications facilities or assuring more adequate telecommunications service to its members.

SECTION 3. Policies, Rules, and Regulations.

The Board shall have power to make and adopt such policies, rules, regulations, and membership application terms, 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 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 be from time to time designated by the Administrator of the Rural Utilities Service of the United States of America. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books, and financial condition of the Co-op as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

SECTION 5. Notices.

Unless prohibited by law, the Co-op may elect, in lieu of transmission by mail, to transmit any notice or other communication identified herein, including annual notice of Patronage Allocations, to members by electronic means.

SECTION 6. Privacy.

Notwithstanding any other provision herein, if applicable law prohibits the Co-op from providing information about a member's service or patronage with the Co-op, then the Co-op may decline to provide such information without violation of these Bylaws.

ARTICLE XII

AMENDMENTS

These Bylaws may be altered, amended or repealed by the Board at any regular or special meeting.

ARTICLE XIII

INDEMNIFICATION OF OFFICERS, TRUSTEES, EMPLOYEES AND AGENTS

SECTION 1. Scope of Indemnification.

The Co-op shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by, or in the right of the Co-op) by reason of the fact that such person is or was a trustee, officer, employee, or agent of the Co-op or who is or was serving at the request of the Co-op as a trustee, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses, (including attorney fees) adjustments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Co-op, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct such person was unlawful. The termination of any action, suit, or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit, or proceeding by judgement, order, settlement, conviction, or upon pleas of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Co-op, and, with respect to any criminal action or proceeding, had reasonably believed to be in, or not opposed to, the best interests of the Co-op, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

SECTION 2. Indemnification For Good Faith Action.

The Co-op shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action or suit by, or in the right of the Co-op to procure a judgement in its favor by reason of the fact that such person is, or was, a trustee, officer, employee, agent of another Co-op, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, is such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Co-op. No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Co-op, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in the view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

SECTION 3. Cost of Defense Indemnified.

To the extent that a trustee, officer, employee, or agent of the Co-op has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred in Sections 1 and 2 of this Article, in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by such person in connection therewith.

SECTION 4. Amount of Indemnification.

Any indemnification under Sections 1 and 2 of this Article (unless ordered by a court) shall be made by the Co-op only as authorized on the specific case, upon a determination that indemnification of the trustee, officer, employee, or agent is proper in the circumstances because such person has met the application standard of conduct set forth in Sections 1 and 2 of this Article. Such determination shall be made:

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

SECTION 5. Expenses Advanced.

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

SECTION 6. Rights of Persons Indemnified.

The indemnification and advancement of expenses provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any Bylaws, agreement, vote of members or disinterested trustees, or

otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who ceased to be a trustee, officer, employee, or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7. Insurance Coverage.

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