

***Farmers Telecommunications Cooperative, Inc.***

***Bylaws***

***As amended and restated***

***August 6, 2016***



*We Keep You Connected*

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## ARTICLE I: MEMBERSHIP

### SECTION 1. Requirements for Membership

Any person, persons, firm, association, corporation, or body politic or subdivision (hereafter, a “person”) thereof may become a member of Farmers Telecommunications Cooperative, Inc. (hereinafter called the “Co-op”) for the purpose of obtaining end user telecommunications services provided by or through the Co-op by:

- (a) Agreeing to purchase from the Co-op, end-user telecommunications services as hereinafter specified; and
- (b) Agreeing to comply with and be bound by the articles of incorporation and Bylaws 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 specified by the Board, if any, on uniform terms and conditions established by the Board; and
- (d) Any prior member whose membership has been terminated under Article I, Section 7, subsection (a) or who has terminated their membership in accordance with the terms and conditions as the Board may have prescribed but has not been expelled from membership and who has not had their membership fee refunded, except as a general refund approved by the Board of all or a part of the membership fees to all or a part of the members of the Co-op, may reapply for membership in the Co-op without completing steps (a) through (c) above by:
  - (i) Reaffirming the agreement contained in the original application for membership, subject to any changes to such agreement adopted by the Co-op since the date of such application. If the original application was a joint membership, all living parties to the original application must so reaffirm. Such reaffirmation shall be made under such terms and conditions as the Board may prescribe from time to time; and
  - (ii) By paying all charges or bills due to the Co-op for the purchase of end user telecommunications services and/or equipment previously owed by the applicant or any member of a joint application or any member of a joint application to which the applicant was a party.
  - (iii) Payment of a membership fee shall not be a requirement for reapplication for any member having had their membership fee refunded under a general refund of membership fees approved by the Board.

Upon compliance with the reapplication requirements, the applicant’s original certificate of membership and membership number shall be automatically reinstated; provided that application shall be bound by the terms of any

amendment or modification to the rules governing such membership certificate as if such modification and amendment were contained in the applicant's original certificate.

The General Manager, or his or her designee, or such other person designated by the Board, shall review all membership applications and notify the applicant whether such applicant has met the requirements for membership. An applicant whose application has been rejected may seek review by the Board by submitting a written request to the Co-op within ninety (90) days of receipt of such rejection notice. Such application shall be reviewed at the next regular Board meeting unless such request is received by the Co-op less than ten (10) days before its next Board meeting, in which case the matter will be considered at the second regular Board meeting following receipt of the request. In the event that the Board shall reject the application, the Secretary shall within five (5) days notify the applicant of the Board's rejection.

A person whose application for membership has been rejected by the Board may submit a written request for such application to be placed on the agenda for the next meeting of the members. Such request must be received within fifteen (15) days of the notice of rejection. Should such request be received less than thirty (30) days prior to the next members meeting, consideration of the application will be deferred until the next succeeding meeting of the members. The secretary shall give such applicant at least ten (10) days written notice of the date of the members meeting to which his application will be submitted and the applicant shall be entitled to be present and heard at the meeting. The members shall then vote whether to accept or reject the application, by majority vote, subject to the applicant complying with all of the requirements hereinabove set forth.

## SECTION 2. Membership Certificate

Membership in the cooperative is evidenced by a written or digital membership certificate which shall be in a form and contain such provisions as shall be determined from time to time by the Board and shall be signed by the President and the Secretary. No membership certificate shall be issued for less than the membership fee, if any fixed by the Board, and not until such membership fee which has been fixed by the Board has been fully paid, provided however, if the Board shall have elected to allow membership fees to be paid out of the capital credits of a member, the membership certificate may be issued at the time and in the manner provided by the Board. In case 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. An original certificate of membership may be reinstated together with the original membership number when a past member has made reapplication of membership and complied with the requirements set forth in Section 1 above.

## SECTION 3. Joint Membership

Two or more persons living in the same household may apply for a joint membership, and subject to their all complying 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 all persons and parties to and holding a joint membership and any provisions relating to the right and liability of membership shall apply equally with respect to the holders of a joint membership. The following additional provisions shall govern a joint membership:

- (a) The presence at a meeting of one or more joint members shall be regarded as the presence of all joint members and shall constitute a joint waiver of the notice of the meeting;
- (b) The vote of any party to a joint membership shall constitute one single vote and shall constitute the vote of the membership;
- (c) A waiver of notice signed by any party to a joint membership shall constitute a joint waiver and the waiver of all parties to the membership;
- (d) Notice to any one party to the membership shall constitute notice to all parties to the membership;
- (e) Expulsion of any one party to the membership shall terminate the joint membership;
- (f) Withdrawal of membership of any one member to a joint membership shall terminate the joint membership.
- (g) Any one party to a joint membership, but not more than one at any one time, may vote or be elected or appointed as an officer or trustee, provided that such person shall meet the qualifications of such office.
- (h) The Co-op may rely, without liability, on the actions of any party to a joint membership as constituting the authorized action of the joint membership. In the event of notice of a dispute between parties to a joint membership as to their respective rights, the name first appearing on the application may be recognized by the Co-op as the person entitled to be elected or appointed as an officer or trustee and shall also be the person recognized by the Co-op to vote such membership at any meeting of the Co-op and the person to exercise any other rights of membership.
- (i) A person may withdraw from a joint membership pursuant to such policies as may be adopted by the Board. In such event, the outstanding membership certificate shall be surrendered to the Co-op and the Co-op shall issue a new certificate, subject to compliance with Article 1 Section 1, Requirement for Membership, Subparagraph (a) through (d).
- (j) It is the responsibility of the joint members, or in the event of the death of a joint member, the surviving member(s) of a joint membership, to notify the Co-op of the withdrawal or termination of such joint membership. The Co-op shall not be liable for

the continuing accrual or retirement of capital credits on a joint account in the absence of appropriate, written notice in accordance with this paragraph.

(k) All parties to a joint membership are jointly and severally liable for all charges for the purchase of services and equipment from the Co-op under such joint membership. It shall be the sole responsibility of such withdrawing party to notify the Co-op in writing of his withdrawal from a joint membership using forms as the Co-op may prescribe; and such withdrawing party shall remain liable for all services and equipment rendered prior to the date of such written notification.

#### SECTION 4. Conversion of Membership

A membership may be converted to a joint membership upon the written request of the holder and the agreement by such holder and the qualifying other household member(s) to comply with Articles of Incorporation, Bylaws, 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.

#### SECTION 5. Membership Fee

The membership fee shall be the sum of \$10.00, unless otherwise set by the Board for each class of membership. Any fee change shall be applied prospectively to new connections or services, under such terms as may be set by the Board. The Board may elect to eliminate the payment of membership fee as a requirement for membership.

#### SECTION 6. Purchase of End User Telecommunications Services

Each member shall, as soon as end user telecommunications services are available, take end-user telecommunications services from the Co-op to be used on the premises specified in the application for membership or at such premises subsequently chosen by the members, 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 end user telecommunications services which the Co-op shall be required to furnish to any one member. Amounts paid for end user telecommunications services 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 Bylaws.

#### 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 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, Bylaws, or any rules or regulation adopted by the Board but only if such member shall have been given written notice by the Secretary that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any



expelled member may be reinstated by a vote of the Board or by a vote of the members at an annual or special meeting.

The membership of a member who has not permitted the installation of end-user service within thirty (30) days after he has been notified service is available to him shall be cancelled without refund of the membership fee. In addition, the membership of a member, who has terminated all services from the Co-op for more than thirty (30) days shall be automatically cancelled. Membership will also be cancelled in the event services have been disconnected for at least thirty (30) days due to non-payment.

(b) Upon the 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 estate from any debts due the Co-op, nor the terms and conditions of service in existence at the time such services were provided.

(c) Upon termination of membership for any reason the Co-op shall not repay to the member, or to his landlord, in case the membership fee shall have been paid on behalf of the member by his landlord, the amount of the membership fee except upon written request and upon such terms as may be established by the Board. The Co-op shall deduct from the amount of the membership fee the amount of any debts or obligation owed by the member to the Co-op.

## 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 Bylaws, and (c) all membership fees shall have been repaid, the remaining property and assets of the Co-op shall be distributed among its members in proportion to the aggregate patronage of each such member during the seven years next preceding the date of filing of the certificate of dissolution as provided in Ala. Code § 37-6-18.

### 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.

### SECTION 3. Cooperation of the Members in the Extension of Services

The cooperation of members of the Co-op is important to the successful, efficient and economical operation of the Co-op. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace, or enlarge communication lines, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communications service to said member, or any other member, at no cost to the Co-op. When requested by the Co-op, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Co-op.

## ARTICLE III: Meeting of Members

### SECTION 1. Annual Meeting

The annual meeting of members shall be held by September 30th of each year at some point in the service area, in either Jackson or DeKalb Counties, State of Alabama, as shall be designated by the Board in the notice of 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. Such meeting may be rescheduled by the Board due to inclement weather or for other good cause; provided, however, that notice of such rescheduling shall be provided to the members in the same fashion as the original meeting notice or through the local media. It shall be the responsibility of the Board to make adequate plans and preparation for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or 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 Trustees, by the President, or by not less than ten per centum of all the members, 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 point within the service area in either Jackson or DeKalb Counties, State of Alabama, specified by the Board in the notice of the special meetings. Such meeting may be rescheduled by the Board due to inclement weather or for other good cause; provided, however, that notice of such rescheduling shall be provided to the members in any mailing of general distribution or through the local media.

### 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 five days nor more than twenty-five days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Co-op, with postage thereon prepaid. In addition, written notice may be provided by electronic means to a member's email address of record

with the Co-op to the extent subsequently authorized by Alabama law. 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

Three per centum (3%) of the members, present in person, 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

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, except matters pertaining to an increase in the debt limit of the Corporation, and upon consideration of such matters any member who is absent from any annual or special meeting of the members may vote thereon either by mail or by proxy.

#### 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 in accord with Robert's Rules of Order:

1. Report on the number of members present in person in order to determine the existence of a quorum.
2. Presentation 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. Approval of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of Trustees, Officers and committees, if any.
5. Election of Trustees
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 trustees which 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

The Co-op is divided into seven (7) geographic service areas and from each such service area there shall be elected one trustee to the Board. Members shall be eligible to vote for every Trustee. The geographic service areas are set forth as follows: Bryant, Flat Rock, Fyffe, Geraldine, Henagar, Pisgah and Rainsville as the same are shown on the map or plat of the service area on file in the office of the Co-op at Rainsville, Alabama to which such map or plat thereof reference is here made for a more complete description of said service areas. The Trustees shall be elected by secret ballot for a term of three years on a rotating basis with the Trustees from the Pisgah, Bryant and Geraldine service areas being elected at the annual meeting of the members of the Co-op in August 1991 and the Trustees from the Rainsville and Fyffe service areas being elected at the annual meeting of the members of the Co-op in August of 1992 and the Trustees from the Flat Rock and Henagar service areas being elected at the annual meeting of the members in August of 1993 and after their election the Trustees shall continue to serve until the election of Trustees at the annual meeting of the members of the Co-op at which their term expires or if no election shall be then held, the Trustees shall continue to hold office until their successors shall have been elected and shall have qualified. 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. Trustees shall be nominated and elected as provided hereinafter.

### SECTION 3. Qualifications

Any member shall be eligible to be nominated, elected and remain a Trustee of the Co-op who:

- (a) Resides in the geographic area for which the Trustee is elected and has resided there for more than two-hundred-forty (240) days during the preceding twelve (12) month period.
- (b) Is not an employee of the Co-op or a wholly owned subsidiary of the Co-op or in any way financially interested in a competing enterprise or a business engaged in the selling of end user communications services or supplies or maintaining communication facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephony. Provided however that a member of the Board of Directors of any subsidiary corporation wholly owned by the Co-op, who is not otherwise employed by such subsidiary, shall not be considered as an employee of such subsidiary for the purpose of determining qualification to serve as a Trustee of the Co-op.
- (c) Is not closely related to an incumbent Trustee or an employee of the Co-op. As used herein, "closely related" means a person who is related to the principal person by consanguinity or affinity, to the second degree or less, i.e., a person who is either a spouse, child, grandparent, grandchild, parent, brother, sister, aunt, uncle, nephew or niece, by blood, marriage, adoption

or in-law, of the principal. However, no incumbent Trustee shall lose eligibility to remain a Trustee or to be re-elected as a Trustee if such Trustee becomes a close relative of another incumbent Trustee or of a Co-op employee because of marriage to which the Trustee was not a party; neither shall an employee lose eligibility to continue in the employment of the Co-op if he or she becomes a close relative of a Trustee because of a marriage to which he or she was not a party.

(d) To remain a trustee, the incumbent must attend fifty percent (50%) or more of the regular meetings of the Trustees during each twelve (12) month period beginning with the month of a trustee's election. The President or Secretary shall provide prompt notice of any violation of this section which would disqualify a member from service on the Board, at which time such member's office shall be deemed vacant. Nothing contained in this Section shall invalidate any prior action taken at any meeting of the Board of Trustees.

#### SECTION 4. Nominations

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 a meeting of the members at which trustees are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the qualifications for office, 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 which shall include at least two candidates for each trustee position to be elected. Any fifteen (15) or more members acting together may make other nominations by petition by delivering such petition to the Headquarters of the Cooperative during normal office hours not less than twenty-two (22) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least five (5) days before the date of the meeting, a statement of the number of trustees to be elected and the name and addresses of the candidates, specifying separately the nominations made by the committee and the nominations made by petition, if any. The ballot to be used at the election shall list the names of the candidates nominated by the committee and the names of the candidates nominated by petition, if any.

#### 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, along with a petition signed by at least ten per centum of the members, or two hundred members, whichever is the less, stating the grounds for which removal is sought. Such trustee shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him 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 Bylaws with respect to the filling of vacancies caused by the removal of trustees by the members, a vacancy occurring in the Board shall be filled by 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 the next meeting of the members without compliance with the foregoing provisions in respect of nominations.

## SECTION 7. Compensation

Trustees shall not receive any salary for their services except that the Board shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Co-op business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Co-op business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Board members may also be extended various forms of liability and accident insurance as well as participation in other non-salary benefits provided to employees except for benefits based on salary. Any payments or benefits authorized by the Board pursuant to this section may be revised, on a prospective basis, by vote of a majority of the members at an annual or special meeting. No Board member shall receive compensation for serving the Co-op in any other capacity, nor shall any person closely related to a Board member, as that term is defined in Article IV, Section 3(c), receive compensation for serving the Co-op, unless the payment and amount of the compensation shall be specifically authorized by a vote of the members or the service by the Trustee or his or her close relative shall have been certified by the Board as an emergency measure. However, no Trustee or person closely related to such Trustee shall lose the right to compensation as such Trustee or for service to the Co-op if such Trustee becomes a close relative of another person because of a marriage to which the Trustee or person closely related to a Trustee was not a party; neither shall an employee lose eligibility to be paid for their employment with the Co-op if he or she becomes a close relative of a Trustee because of a marriage to which he or she was not a party.

# 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 Jackson County, or DeKalb County, Alabama, as the Board may provide by resolution, without the need for separate notice.

## 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 meeting shall fix the time and place, which shall be in Jackson County, or DeKalb County, Alabama.

### 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, by mail, or by electronic means to the extent provided by Alabama Law, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the trustee at his address as it appears on the records of the Co-op, with postage thereon prepaid.

### SECTION 4. Quorum

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

### SECTION 5. Unanimous Consent in Writing

Unless otherwise prohibited by law, Board actions may be taken without a meeting by unanimous written consent resolution, which shall be filed with the minutes 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 offices of President, Vice-President, Secretary and Treasurer shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. 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 interests of the Co-op will be served thereby.

### SECTION 4. President

The President shall:

- (a) Be the presiding officer of the Board and the Co-op, and shall act in such capacity at all such meetings thereof unless otherwise determined by the members or 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 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 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 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 the members.
- (f) Have general charge of the official records 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) 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 him 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 Co-op;
- (b) Be responsible for the receipt of and the issuance of receipts for all monies due and payable to the Co-op and for the deposit of all such monies in the name of the Co-op in such banks as shall be selected in accordance with the provisions of these Bylaws; and
- (c) In general perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the Board.
- (d) The Board may from time to time authorize as appropriate the delegation of certain duties of the treasurer to an assistant treasurer or other executive official.

## SECTION 8. General Manager

The Board may appoint a general manager or chief executive officer 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 or property may be required to give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of the Co-op to give bond in such amount and with such surety as it shall determine.

## 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 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 such fiscal year.

# ARTICLE VII: 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 Co-op, association, corporation,

partnership, joint venture, trust or other enterprise, against expenses (including attorney's 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 interest of the Co-op, and with respect to any criminal action 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 or settlement, conviction, or upon plea 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 in which such person reasonably believed to be in, or not opposed to, the best interest 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 or employee or agent of the Co-op, or is, or as, serving at the request of the Co-op as trustee, officer, employee or agent of another cooperative, association, corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in or not opposed to the best interest of the Co-op. No indemnification shall be made with respect to 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 view of all the circumstance 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 to in sections 1 and 2, in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

## SECTION 4. Amount of Indemnification

Any indemnification under Sections 1 and 2 (unless ordered by a court) shall be made by the Co-op only as authorized in 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 applicable standard of conduct set forth in Sections 1 and 2. Such determination shall be made:

- (a) By the Board by a majority vote of a quorum consisting of Trustees who were not parties to such action, suit or proceeding; or
- (b) If such a quorum is not obtainable, or even 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 Awarded

Expenses incurred by 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 he is entitled to be indemnified by the Co-op as authorized in this Article.

## SECTION 6. Rights of Persons Indemnified

The indemnification provided by this article shall not be deemed exclusive of any other right to which those seeking indemnification may be entitled under any by-law, agreement, vote of members or disinterested Trustee, or otherwise both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a 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, employee or agent of another Co-op, association, corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Co-op would have the power to indemnify such person against such liability under the provisions of this Article.

# ARTICLE VIII: 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 member patrons, no interest or dividends shall be paid or payable by the Co-op on any capital furnished by its member patrons.

## SECTION 2. Patronage Capital in Connection With Furnishing End User Telecommunications Services to Members

In the furnishing of end user telecommunications services to members, the Co-op's operations shall be so conducted that all members will through their patronage furnish capital for the Co-op through their use of end user services provided by or through the Co-op. This use of end user services provided by or through the Co-op constitutes patronage. In order to induce patronage and to insure that the Co-op will operate on a non-profit basis, The Co-op is obligated to account on a patronage basis to its members for all amounts received and receivable from the furnishing of end user telecommunications services including state and interstate access and related services, conducted with or for members, in excess of operating costs and expenses properly chargeable against the furnishing of such services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Co-op are received with the understanding that they are furnished by the members as capital. The Co-op is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. 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 member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Co-op shall within a reasonable time notify each member of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash pursuant to a legal obligation to do so and the member had then in turn furnished the Co-op corresponding amounts for capital.

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

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 any 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, the capital then credited to members' accounts may be retired in full or in part.

Any such retirements of capital furnished prior to January 1, 1992 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. After January 1, 1992 all allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution.

Capital credited to the account of each member 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 on all or a part of the such member's premises served by the Co-op unless the Board, acting under policies of general application, shall authorize other types of assignments. Members may, at any time, assign their capital credits back to the Co-op and the Co-op is authorized to negotiate capital credit settlement arrangements with bankrupt members.

When the capital credits of any member no longer receiving service from the Co-op comes to a total amount of less than a fixed sum determined by the Board, the same shall be retired in full with such retirement made only when and at the same time that a general retirement to other members is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year when the total amount of capital credits qualifying for retirement exceeds the amount set by the Board, including the amount carried over. All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by the Co-op as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.

Notwithstanding any other provision of these Bylaws, the Board, at its sole discretion, shall have the power at any time upon the death of any member who was a natural person, or, in the case of the dissolution of any business entity that was a member, if the legal representatives of such member's estate shall request in writing that the capital credited to any such member be retired prior to the time

such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, (including any present value discount periodically established by the Board), provided, however, that the financial condition of the Co-op will not be impaired thereby.

The members of the Cooperative, by dealing with the Co-op, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws constitute a contract both between the Co-op and each member, and further between all members themselves individually. Both the Co-op and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions with the Co-op and each of its members. The provisions of this Article of the Bylaws shall be called to the attention of each member of the Co-op by posting in a conspicuous place in the Co-op's office or by publication distributed to its members.

Notwithstanding any other provision of these Bylaws, the Board, in retiring any amount of a patron's capital, may first deduct from such retirement amount any outstanding receivables or other debts owed by a patron to the Co-op.

### SECTION 3. Patronage Capital in connection with Furnishing Other Services

In the event the Co-op should engage in the business of furnishing goods or services other than end user telecommunications services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those members from whom such services were obtained at such time and in such order as the Board shall determine.

## ARTICLE IX: 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 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, however, that notwithstanding anything herein contained, the Board without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any 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 any bank or other financial institution lending money or credit to the Co-op for the purpose of providing telecommunication services to the members.

Provided further that the Board may upon the authorization of a majority of those members of the Co-op present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Co-op or foreign corporation doing business in this state pursuant to the act under which this Co-op is incorporated.

## ARTICLE X: 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 Alabama."

## ARTICLE XI: 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 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 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. Change in Rates

Written notice shall be given to the administrator of RUS of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the monthly rates charged by the Co-op for end user telecommunications services becomes effective.

### SECTION 5. Fiscal Year

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

## ARTICLE XII: Miscellaneous

### SECTION 1. Membership in Other Organizations

The Co-op shall not become a member of or purchase stock in any other organization without affirmative vote of the members at a duly held meeting, the notice of which shall specify that action 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, whether organized on a for-profit or non-profit basis, which is a wholly owned subsidiary corporation of the Co-op by virtue of the Co-op owning or then purchasing the entire amount of stock which has been issued at the time the Co-op acquires its stock and further provided 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

area wide rural end user telecommunications services, or with any required approval of the Administrator of RUS, of any other corporation or organization for the purpose of acquiring telecommunications and information facilities or assuring more adequate end user telecommunications services to its members, further provided, however, that the Co-op may, upon the authorization of the Board, join or purchase stock in corporations or organizations which are trade associations or corporations such as the National Telephone Cooperative Association having as their purpose the furtherance of telecommunications and information services. Nothing in this section, however, shall preclude the Co-op from investing excess funds in the securities of the United States of America, any state or political subdivision thereof, or in general investment portfolios, as long as such investments are made in a reasonable and prudent manner and with the approval and periodic review of the Board.

#### SECTION 2. Waiver of Notice.

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

#### SECTION 3. Rules and Regulations

The Board shall have power to make and adopt such rules and regulations, not inconsistent with 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, is subject to applicable laws, rules, and regulations of any regulatory, governmental or lending body. 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. Rules of Order

Except as otherwise specifically provided herein, parliamentary procedure as established by the last edition of Robert's Rules of Order shall govern all procedural issues at meetings of members or trustees.

### ARTICLE XIII: Amendments

These Bylaws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal; provided further, that Section 5 of Article III (relating to voting by members), Article IX (relating to disposition of property), and Article XIII (relating to amendment) of the Bylaws, may be altered, amended, or repealed only by affirmative vote of not less than two-thirds of all the members of the Cooperative.

## Secretary's Certification

I, Danny Richey, the duly elected Secretary of Farmers Telecommunications Cooperative, Inc. do hereby certify that the foregoing is a true and faithful presentation of the Bylaws of the Cooperative as amended and restated at the Annual Meeting of the Members held on August 6, 2016.

*/S/ Danny Richey*

**11 August 2016**