

**RESTATED BYLAWS OF
CANBY TELEPHONE ASSOCIATION**
_____, ~~2013~~**2017**

ARTICLE I

Name

1.1 This cooperative shall be known as CANBY TELEPHONE ASSOCIATION (hereinafter referred to as the "Cooperative"). At the discretion of the Board of Directors, the Cooperative may do business as DirectLink and under any other name to the extent permitted by Oregon law.

ARTICLE II

Membership

2.1 Membership Requirements. Any person, as that term is used in the Oregon Cooperative Corporation Act, - ORS 62.005 et seq. (hereinafter, the "Act"), or agency of federal, state or local government, shall become a member, as defined in the Act, upon the receipt of retail telecommunications services from the Cooperative at a premise within its established service area.

2.1.1 By acceptance or use of any such services provided by the Cooperative, each member consents and agrees:

- (a) as an end user of such services, to purchase telecommunications services from the Cooperative, in accordance with the rates, terms and conditions specified by the Cooperative; and
- (b) to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board; and
- (c) to pay such membership, connection, re-connection, security, facilities extension and construction fees and deposits as may be established or required by any rule, regulation or policy adopted by the Board.
- (d) to execute and deliver to the Cooperative such grants of easements and rights-of-way on, over, under and across all lands owned, leased or otherwise controlled by the member, and in accordance with such reasonable terms and conditions as the Cooperative requires for purposes of:
 - (i) furnishing such services to such member and to other members;
 - (ii) construction, operation, maintenance and relocation of the Cooperative's facilities; and
 - (iii) satisfaction or facilitation of any obligation incurred or right granted by the Cooperative to third parties regarding the use of the Cooperative's property.

2.1.2 Purchasers of the Cooperative's services at wholesale or otherwise for resale shall not be eligible for membership or patronage credits with respect to such wholesale services.

2.1.3 Membership shall become effective upon the date of commencement of service. Membership eligibility terminates upon disconnection of service; however, the Board may provide for suspension of service during periods of temporary absence of a member.

2.2 Definition and Classifications.

2.2.1 No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferable, except on the books of the Cooperative and as provided for in these Bylaws.

2.2.2 Each time sharing or interval ownership premise is considered as a single member. The corporation, partnership or other entity holding or managing the property will be deemed to hold the membership.

2.2.3 Memberships in the Cooperative are extended only to individual persons ~~(natural or corporate)~~, as defined in the Act, who meet the requirements of Section 2.1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from May 15, 1999 no new joint memberships have been allowed or established.

2.2.4 Individual memberships will be freely transferable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. Thus, the term "member" as used in these Bylaws shall refer to an individual, but can, on a grandfathered basis, be deemed to include a husband and wife still holding a joint membership, and any provisions relating to the rights and liabilities of a 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 grandfathered joint membership shall be as follows:

- (a) the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) the vote of either separately or both jointly shall constitute one joint vote;
- (c) a waiver of notice signed by either or both shall constitute a joint waiver;
- (d) notice to either shall constitute notice to both;
- (e) expulsion of either shall terminate the joint membership;
- (f) withdrawal of either shall terminate the joint membership;
- (g) either, but not both, may be elected or appointed as an officer or Board member if individually qualified;
- (h) upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

2.3 Purchase of Services. Each person who applies for membership shall subscribe to one or more services of the Cooperative as soon as service becomes available. The member shall pay for such service monthly in accordance with rates established in tariffs or rate schedules

as fixed by the Board. It is expressly understood that amounts in excess of cost received by the Cooperative for all telecommunications services are furnished by members as capital from the moment of receipt, and each member shall be credited with the capital so furnished as provided in Articles X and XI of these Bylaws. However, the Cooperative is not obligated to furnish such credits for services which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by him or her to the Cooperative as and when the same shall become due and payable.

2.4 Termination of Membership.

2.4.1 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 2/3 of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting.

2.4.2 Upon the withdrawal, death, cessation of service or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative nor do unpaid bills release members from their obligations under ~~thesethe~~ Articles of Incorporation, Bylaws or rules and regulations ~~approved~~adopted by the Board.

2.5 Member Agreement.

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

ARTICLE III

Rights and Liabilities of the Cooperative and the Members

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

3.2 Cooperation of the Members in the Extension of Services. The cooperation of members of the Cooperative is imperative to the successful, efficient and economical operation of the Cooperative. 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 communications lines, overhead or underground. ~~Including, 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 at no cost to the furnishing of communication service to said member and at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

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

3.4 Property Interest of Members Upon Dissolution.

Upon dissolution, after:

3.4.1 All debts and liabilities of the Cooperative have been paid;

3.4.2 All capital furnished through patronage has been retired as provided in these Bylaws.

The remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member and former member bears to the total patronage of all such members and such former members on the date of dissolution, unless otherwise provided by law.

Any indebtedness due to the Cooperative from the holders of equities in the Cooperative may be offset by the Cooperative before retirement of such equities.

ARTICLE IV

Meetings of Members

4.1 Annual Meeting. The annual meeting of members shall be held in each calendar year in such place and at such time as the Board of Directors may determine in the best interest of the members. At such meeting, Board members shall be elected, reports for the previous fiscal year shall be presented, and such other business as may come before the meeting shall be transacted. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative, nor affect the validity of any action.

4.2 Special Meetings. Special meetings of the members may be called at any time by the Chairman of the Board or the Board of Directors, and a special meeting shall be called by the Secretary upon request therefore in writing signed by not less than ten percent (10%) of the members of the Cooperative stating the business to be brought before the meeting. Such special meeting shall be held within Clackamas County, Oregon. Calls for special meetings for the members shall specify the time, place and purpose of such meeting, and no business other than that specified in the call shall be considered at such meeting.

4.3 Notices. Written notice of every annual or special meeting of the members stating the time and place, and in the case of a special meeting, the purpose thereof, shall be given to each member at such address of the member as appears on the records of the Cooperative, not less than seven days nor more than thirty (30) days prior to the date fixed for such meeting. The presence of a member at a meeting shall constitute a waiver of notice by that member. The incidental or unintended 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.

4.4 Quorum. The members present at any meeting shall constitute a quorum for the transaction of business. At all meetings of the members, the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

4.5 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 conducted under the policies established by the Board.

4.6 Voting.

4.6.1 Each member shall be entitled to one vote. All questions, except those involving multiple choice issues or determinations, 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. Multiple choice issues or determinations shall be decided by a plurality vote.

4.6.2 Voting by proxy shall not be permitted, but a member that is a ~~corporation, association, partnership, state or government agency~~ person, other than a natural person, may designate a representative to cast its vote.

4.6.3 Upon the call of any member for a vote by ballot on any issue, the vote on such matter shall be by ballot. It shall be the duty of the presiding officer to call for a vote by ballot on any matter which he believes will be contested.

4.6.4 The Board of Directors may cause to be submitted by mail ballot any question to be voted at any meeting of the members including the election of directors. In such event the Secretary shall cause to be mailed to each member along with the notice of the meeting, the ballot on each question and a voting envelope. The ballot may be cast only in a sealed envelope which is authenticated by the member's signature. A vote so cast shall be counted as if the member were present and voting in person.

ARTICLE V

Board of Directors

5.1 ~~Number-/Service Area Representation.~~

5.1.1 The business and affairs of the Cooperative shall be managed by a Board of ~~five~~six members which shall exercise all the powers of the Cooperative except such as by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members.

5.1.2 ~~One Board member shall be elected from among and by the members from within the Mount Angel Service Area. The Mount Angel Service Area shall be the area defined by the Oregon Public Utilities Commission.~~

5.1.3 ~~The remaining five Board members shall be elected at-large from among and by all of the members of the Cooperative excluding those members located in the Mount Angel Service Area.~~

5.1.4 Upon approval of these Bylaws, the Mount Angel Service Area Board position shall be deemed vacant and, as such, shall be filled pursuant to Article 5.3. The term of the Mount Angel Service Area Board position shall be deemed to commence at the annual meeting in 2017 and continue on a three-year term rotation thereafter.

5.2 Election and Term of Office. Directors shall be nominated and elected for three-year terms. Terms shall be staggered so that not more than two terms shall expire in one year. At each annual meeting, directors shall be elected to fill the vacancies in office expiring at such annual meeting and such directors shall be elected for a three-year term. All directors shall serve until successors are elected and assume office, or until their death, resignation or removal.

5.3 Vacancies. Vacancies on the Board of Directors, for whatever reason, shall be filled by a majority vote of the remaining members of the Board. Directors appointed to the Board shall fill the remainder of the unexpired term of the Board position to which they were appointed.

5.4 Qualifications of Directors.

5.4.1 No person shall be eligible to become or remain a member of the Board of Directors Cooperative who:

- (a) is closely related to an incumbent director or an employee of the Cooperative. As used here, "closely related" means a person who is related to the principal person by consanguinity or affinity, to the second degree or less - that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew or niece, by blood or in law, of the principal. However, no incumbent director shall lose eligibility to continue ~~in~~ on the ~~employment~~Board of the Cooperative if he or she becomes a close relative of a director because of a marriage to which he or she was not a party; or
- (b) is not a member of the Cooperative or a representative of a member who is other than a natural person; or
- (c) is not a bona fide resident of the area served by the Cooperative; or
- (d) is an employee of the Cooperative or in any way financially interested in a competing enterprise or a business engaged in selling communication services or communication supplies or maintaining communication facilities; however, the Board may grant exceptions for "de minimis" competing enterprises; or
- (e) is a former employee of the Cooperative, or any of the Cooperatives subsidiary companies, within five (5) years of their separation from such employment.

5.4.2 To remain a director, the director must attend two-thirds (2/3) or more of the regular meetings during each twelve-month period beginning with the month of his/her election. Upon establishment of the fact that a director is in violation of any of the provisions of this section, the ~~office~~Board position shall be deemed vacant.

5.4.3 A director may resign at any time by written notice delivered to the Board of Directors, the president or secretary of the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date.

5.5 Effect of Disqualification.

5.5.1 Termination of membership in the Cooperative by a director who was a member, or by a member of the Cooperative other than a natural person whom the director represents shall automatically create a vacancy in such director's office as such.

5.5.2 Upon establishment of the disqualification of a director by reason of noncompliance with Section 5.4.2, the Board ~~of Directors position~~ shall ~~remove such director from office~~ be deemed vacant. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

5.6 Compensation of Directors. Board members shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Cooperative 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 Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses.

5.7 Removal of Directors. Any director may be removed from office at an annual or special meeting of the members by a majority vote of all members voting at such meeting, provided:

- (a) the petition must be signed by at least ten percent (10%) of the membership requesting the removal of the director. The petition shall state the reason(s) for the requested removal;
- (b) the petition shall be filed with the Secretary of the Cooperative at least forty-five (45) days prior to the annual or special meeting;
- (c) the director whose removal is sought is given fifteen (15) days to respond in writing to answer such reason(s) for removal;
- (d) it shall be the duty of the Secretary of the Cooperative to include such statement of reasons for removal and the response of the director whose removal is sought in the meeting notice;
- (e) at the meeting of the members at which the charges are to be considered, the Board member shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect to the charges, and the person or persons bringing the charges against him shall have the same opportunity;
- (f) the question of the removal of such Board member shall be considered and voted upon at the meeting of the members;
- (g) no director shall be removed from office unless by a vote of a majority of the members present;
- (h) any vacancy created by such removal may be filled by a vote of the members at such meeting without compliance with the Bylaws provisions with respect to nominations.

5.8 Nominations of Directors.

5.8.1 A nominating committee of five members shall be appointed by the Board Chair not less than one hundred twenty (120) days before each annual meeting. At least three of such committee shall be other than Board members. It shall be the duty of the nominating committee to file with the Secretary of the Cooperative the nominations for directors at least ninety (90) days prior to the annual meeting.

5.8.2 Any twenty-five (25) or more members, acting together, may make nominations for directors for such positions by petition. The petitions and instructions for obtaining signatures will be made available at the Cooperative business office. Petitions shall be filed with the Secretary of the Board not less than forty five (45) days prior to the meeting at which directors are to be elected.

5.8.3 There shall be no nominations allowed from the floor.

ARTICLE VI

Meetings of the Board

6.1 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 for the purpose of electing officers as hereinafter provided and for completing their organization for the coming year, and may transact such other business as may come before the meeting. Regular meetings of the Board shall also be held at such time and place as designated by the Board. Such regular meetings may be held without notice other than ~~such a~~ resolution fixing the time and place thereof. A minimum of at least ten (10) regular meetings shall be held each year.

6.2 Special Meetings. Special meetings may be held at such time and place as the majority of the Board of Directors or the Board Chair determine. Any business may be transacted at such meeting.

6.3 Notices. The meetings of the Board, whether special or regular, may be held on twenty-four (24) ~~hour~~hours' notice given personally, by mail, telephone or electronic media. Attendance at a meeting shall constitute a waiver of notice thereof. Any notice required to be given to a director of meetings of the Board of Directors may be waived in writing either before or after the time at which such notice should be given and such waiver shall have the same force and effect as though due notice had been given.

6.4 Quorum. At all regular and special meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum. A vote of a majority of Board Members present shall be the act of the Board; however, no action of the Board shall be taken except upon the affirmation vote of at least three directors. The Board Chair shall not vote unless there is a tie vote by the Board of Directors present at a meeting.

6.5 Meeting by Conference Telephone or Similar Communications Equipment Permissible. Members of the Board of Directors may hold a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participation in the meeting shall constitute presence in person at the meeting.

6.6 Action Without a Meeting. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting ~~and~~ unanimous consent in writing setting forth the action so taken is signed by all of the directors, including the Board Chair. Such consent

shall have the same force and effect as unanimous vote at a meeting.

6.7 Conflict of Interest. A conflict of interest is a contract or transaction with the Cooperative in which a director has a direct or indirect interest ("Conflict of Interest Transaction").

6.7.1 Direct Interest. A director has a direct interest in a contract or transaction with the Cooperative if the director, or his/her immediate family, is a party to a contract or transaction with the Cooperative.

6.7.2 Indirect Interest. A director has an indirect interest in a contract or transaction with the Cooperative if at least one party to the contract or transaction is another entity:

(a) in which the director has a material or financial interest, or is a general partner; or

(b) of which the director is a director, officer, or trustee.

6.7.3 Conflict of Interest Transactions. Regardless of the presence or vote of a director interested in a Conflict of Interest Transaction, a Conflict of Interest Transaction may be approved, and a Board Quorum satisfied, if the material facts regarding the Conflict of Interest Transaction and the director's interest, are disclosed or known to the Board, and a majority of more than one director with no interest in the Conflict of Interest Transaction votes in good faith to approve the Conflict of Interest Transaction.

6.7.4 Fair Conflict of Interest Transaction. A Conflict of Interest Transaction that is approved pursuant to this Bylaw, or that is fair to the Cooperative when entered or approved pursuant to this Bylaw, is not, solely by reason of being a Conflict of Interest Transaction:

(a) void or voidable; or

(b) the basis for imposing liability on a Director interested in the Conflict of Interest Transaction.

ARTICLE VII

Powers and Duties of Directors

7.1 General Powers and Management. The Board of Directors shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members. The Board of Directors shall manage the business and conduct the affairs of the Cooperative and shall make the necessary rules and regulations, not inconsistent with the laws or with these Bylaws, for the management of the business and the guidance of the officers, employees and agents of the Cooperative.

7.2 Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid or construction, not inconsistent with law or the CertificateArticles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative or, cause such to be submitted for any appropriate regulatory approval.

7.3 Bonds. The Board of Directors ~~shall~~may require all officers, agents and employees charged by the Cooperative with responsibility for the custody of any of its funds or property to give a bond with sufficient surety for the faithful performance of their official duties, the premium on such bonds to be paid by the Cooperative. Alternatively, the Board of Directors may purchase insurance to cover such circumstances.

7.4 Accounting Systems and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit by a certified public accountant of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

7.5 Selection of Depository. The Board of Directors shall have power to select one or more institutions to act as depository of the funds of the Cooperative and to determine the manner of receiving, depositing and disbursing the funds of the Cooperative and the form of checks and the person or persons by whom same shall be signed, with the power to change such institutions and the officer or officers, employee or employees, person or persons signing said checks and the form thereof at will.

7.6 Records. It shall be the duty of the Board of Directors to cause to be kept a complete record of all of its acts and the proceedings of its meetings, to cause such records to be presented at the annual meeting a report reviewing the Cooperative's business for the year, and to supervise all officers and see that their duties are properly performed and that the business of the Cooperative is ably managed.

ARTICLE VIII

8.1 Offices to be Filled. The principal officers of this Cooperative shall be a Board Chair, a Board Vice-Chair, President, one or more Vice-Presidents, Secretary and Treasurer. The offices of the Secretary and Treasurer may be combined in one person. At least one officer must be a director of the Cooperative. The other officers may be, but need not be, members of the Board of Directors. Such officers shall be elected by the Board at the first regular meeting of the Board of Directors each year, and their term of office shall be at the pleasure of the Board.

8.2 Board Chair. The Board Chair shall be the chief presiding officer and shall preside ~~or shall designate a presiding chair~~ at all meetings of the Board of Directors and members and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws of the Cooperative.

8.3 Board Vice Chair. The Board Vice Chair shall preside ~~or shall designate a presiding chair~~ at all meetings of the Board of Directors and members in the absence of the Board Chair, and shall perform such other duties as may be prescribed from time to time by the Board of Directors or by the Bylaws of the Cooperative.

8.4 President. The President shall be the chief operating and administrative officer of the Cooperative. In the absence of the Board Chair and Board Vice Chair, the President shall preside or shall designate a presiding chair at all meetings of the members and all meetings of the Board of Directors. The President shall act as directed by the Board of Directors. The

President shall exercise such duties as customarily pertain to the office of President and shall have general and acting supervision over the property, business and affairs of the Cooperative. The President shall be the official representative of the Cooperative at all meetings in which the Cooperative is entitled to representation. The President shall execute, in the name of the Cooperative, all deeds, bonds, contracts and other obligations and instruments authorized by the Board of Directors to be executed, and the President shall have such other specific powers and perform such other duties as may be assigned from time to time by the Board of Directors.

8.5 Vice-President. The duty of the Vice-President shall be to assume the office of the President in his/her absence, and to perform such other acts and duties as may be prescribed by the Board of Directors.

8.6 Secretary-Treasurer. The Secretary-Treasurer shall:

- (a) keep or cause to be kept a complete record of all meetings of the members and of the Board of Directors;
- (b) keep or cause to be kept membership records of the Cooperative;
- (c) sign on behalf of the Cooperative all papers which he/she is authorized by the Board of Directors to sign;
- (e) serve all notices required to be served by law or these Bylaws;
- (f) keep such records, make such reports and perform such other duties as may be required of him/her from time to time by the Board of Directors.

In the event the Board of Directors determines that the office of Secretary and Treasurer should be held by two persons, then the Secretary shall perform all secretarial duties, and the Treasurer shall perform all financial duties, and each shall perform such other duties as may be required by the Board.

ARTICLE IX

Indemnification

9.1 Indemnification of Director, Officer, Employee or Agent Permitted for Expenses Incurred in Legal Action. The Cooperative shall indemnify directors, officers, employees or agents for expenses incurred in legal actions in accordance with ORS 62.460462, et seq., and any amendments thereto.

9.2 Rights of Persons Indemnified. The indemnification provided by this Article shall not be deemed exclusive of any other rights which those seeking indemnification may be entitled under any bylaw, agreement, vote of members or disinterested Board members, or otherwise, both as to action in his/her official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

9.3 Insurance Coverage. The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Board member,

officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

ARTICLE X

Cooperative Operation

10.1 Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or will be payable by the Cooperative on any capital furnished by its members.

10.2 Non-Profit Organizations. The term "net savings" is used in this Article in the same manner as that term is used in the ~~Oregon Cooperative Corporation~~ Act, and net savings shall be determined in accordance with the provisions of such Act.

The net savings of providing telecommunications services as provided in Section 2.3 shall belong to its members in proportion to their respective patronage and shall be returned to such members either in the form of cash or credits to each member's capital account.

10.3 Application of Net Savings to Indebtedness. The Cooperative, at its sole option but without obligation, may withhold any and all net savings distributable to a member and apply the same to the indebtedness such member may owe the Cooperative. In such event, however, the Cooperative shall give such member written notice of the amount so applied.

10.4 Allocation of Loss. If there is a net loss from providing telecommunications services in any year, the amount of such loss shall be handled in accordance with one of the two following alternatives as determined by the Board of Directors:

- (a) the loss shall be charged against unallocated equities; or
- (b) the loss shall be allocated to the members in proportion to their respective patronage for such year. The amount of such allocation shall be charged against the credits of such members to the member's equity account, with the most recent of such allocations being first cancelled. In the event there is not a sufficient credit in a member's equity account to absorb the allocation of loss, the balance of such allocation shall be offset against past and/or future allocations of net savings to such member's account as determined by Board policy until the balance of such account is reduced to zero.

10.5 Allocation of Non-Operating Income. All non-operating income received by the Cooperative, insofar as permitted by law, shall be:

- (a) used to offset any losses incurred during current or any prior fiscal year; and
- (b) to the extent not needed for that purpose, retained by the Cooperative in a reserve account for the financing of the construction or acquisition by the Cooperative of additional facilities, except to the extent otherwise determined by the Board.

10.6 Allocation of Extraordinary Items. Extraordinary items of income or expense attributable to the furnishing of telecommunications services during prior periods shall be allocated to members on the basis of their patronage during such prior periods. Such allocation is not required for amounts deemed by the Board of Directors to be immaterial.

ARTICLE XI

Capital

11.1 Member's Equity Amount. In furnishing of telecommunications services, the Cooperative's operation shall be so conducted that all members will furnish capital for the Cooperative through their patronage. The member's equity account in the Cooperative is part of the capital of the Cooperative and shall consist of that portion of the net savings from telecommunications services provided by the members not returned in cash to members and refunds of federal and state taxes received by the Cooperative on behalf of its members. All amounts received or receivable by the Cooperative from its members in excess of operating and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as equity. The Cooperative shall establish a separate equity account for each of its members and allocate to such member's account the portion of such member's equity to which such member is entitled. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year, the amount of equity, if any, furnished by each member is clearly reflected and credited in an appropriate record to the equity account of each member, and the Cooperative shall notify each member of the amount of the credits to his/her account within a reasonable time after the close of each fiscal year. All such allocations shall be made in such manner as to record the year of such allocation as a series of such credits. All such amounts credited to the equity account of any member shall have the same status as though it had been paid to the member in cash in pursuance of a legal obligation to do so, and the member had then furnished the Cooperative corresponding amounts for equity. No interest shall be payable on such credits.

11.2 Transferability. Credits of a member to a member's equity account of the Cooperative may be assigned, but only on the books of the Cooperative, pursuant to written instructions from the assignor and only to:

- (a) the heirs or legatees of a deceased member; or
- (b) on written request of the member to his/her successor in occupancy in all or a part of such member's premises served by the Cooperative; or
- (c) back to the Cooperative; or
- (d) the Board, acting under policies of general application, shall authorize other types of assignments.

The Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt members.

11.3 Retirement of Member's Equity Credits. Credits to a member's equity account may be retired by the Board of Directors in its discretion and direction as to timing, method and type of retirement.

If the Board of Directors at any time determines that retirement of credits to a member's equity account should cease for any reason, such process of retirement shall be stopped until the Board of Directors deems it advisable to continue such process. Any indebtedness due from the record holder of such a credit to the Cooperative may be offset by the Cooperative before the retirement of such certificate or any part thereof.

Upon the certification of the management of the Cooperative to the Board of Directors that the cost of redeeming credits of a member in a member's equity account up to a certain amount of such credits, but not in excess of \$10.00, exceeds the amount of such credits being redeemed, the Board may exclude from such retirement the credits of any member which would otherwise be retired but which are less than the amount so certified. The amount of credits from inactive accounts of less than \$10.00 shall be thereupon credited to retained capital of the Cooperative.

11.4 Credits Subordinate to Claims of Creditors. All credits to a member's equity account are subordinate in right to the claims of all creditors of the Cooperative.

11.5 Retirement of Member's Equity Credits in the Event of Death. Upon the death of an individual who is the original holder of credits to a member's equity account, then upon application of the personal representative of the estate, the heirs or assignees of such decedent, the Cooperative shall pay the estate of such decedents the amount established by policy by the Board of Directors from time to time. Thereafter, the remaining member's equity credits, if any, shall be retired in a general retirement under the provisions of these bylaws. Provided, however, the Board of Directors may establish a policy of general application to pay the remaining unretired member equity credits on a discounted basis so long as the financial condition of the Cooperative will not be impaired thereby.

11.5.1 If a partnership is the original holder of credits to a member's equity account and a partner dies, the interest of the deceased partner in such credits shall be redeemable at the request of the surviving partner or partners and of the personal representative of the deceased partner.

11.5.2 Credits held in the name of a husband or wife, or otherwise jointly held, shall be considered for the purpose of this section as if held by the surviving spouse or member. The interest shall be redeemed upon the death of the surviving spouse or member in the same manner as an individual decedent.

The Board of Directors may adopt such rules and regulations not inconsistent with this Bylaws section as may be necessary to carry out the purposes thereof.

11.6 Credits Held by Divorced Members. If credits to a member's equity account are held in the name of a husband and wife and such husband and wife are divorced, the Cooperative, unless otherwise notified in writing, shall be entitled to assume, for all purposes under this Article XI, that the parties to the divorce each had equal interests in such credits to a member's equity account.

11.7 Credits Held by Members Indebted to the Cooperative. Any indebtedness owned by a member to the Cooperative and not paid within sixty (60) days may be offset by the Cooperative against a member's equity account.

11.8 Retained Capital in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than telecommunications services to members, all amounts received and receivable ~~there~~

~~from~~therefrom which are in excess of costs and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be deemed retained capital and used at such time and for such purposes as the Board shall determine.

ARTICLE XII

Sale or Other Disposition of Assets

12.1 Sale of Assets in Usual and Regular Course of Business. The sale, lease, exchange or other disposition of the property and assets of the Cooperative, when made in the usual and regular course of the business of the Cooperative, may be made on such terms and conditions and for such consideration as shall be authorized by the Board; and in such case no authorization or consent of members is required.

12.2 Sale or Disposition of Substantially All of Assets. A sale, lease, exchange or other disposition of all, or substantially all, of the property and assets, with or without the good will, of the Cooperative, if not made in the usual and regular course of its business which consists of privileges essential to the operation of providing telecommunications services to its members, may be made upon such terms and for such consideration as shall be authorized by affirmative vote of two-thirds (2/3) of all members. The members may approve the sale, lease, exchange or other disposition, and may fix, or may authorize the Board to fix, any or all of the terms and conditions thereof and the consideration to be received by the Cooperative.

12.3 The provisions of 12.1 and 12.2 shall not apply to a sale lease, lease sale exchange, transfer or other disposition to one or more telephone Cooperatives, if the substantive or legal effect thereof is to merge or consolidate with such other one or more telephone Cooperatives.

ARTICLE XIII

Merger or Consolidation

13.1.1 The Cooperative may consolidate or merge with an entity that provides telecommunications service. To consolidate or merge, the Cooperative must comply with these Bylaws and Oregon Revised Statutes Chapter 62.

13.1.2 To Consolidate or Merge, the Board must approve an agreement or plan to Consolidate or Merge ("Consolidation" or "Merger Agreement") consistent with Oregon Revised Statutes Chapter 62.

13.1.3 Member Approval. To Consolidate or Merge:

- (a) after the Board approves a Consolidation or Merger Plan, a majority of the Members voting in person must approve the Consolidation or Merger Plan.

13.1.4 Notice. The Cooperative shall notify Directors of a Board Meeting and Members of a Member Meeting, at which Directors or Members may consider a Consolidation or Merger Plan. This notice must contain, or be accompanied by, a summary or copy of the Consolidation or Merger Plan as required by Oregon Revised Statutes Chapter 62.

13.1.5 Other Requirements. The New Entity directors named in the Consolidation or Merger Plan must sign and file articles of Consolidation or Merger in a manner, and stating the information required by Oregon law. The Cooperative shall comply with all other requirements for Consolidation or merger specified by law.

ARTICLE XIV

Dissolution

14.1.1 The Cooperative may be dissolved by filing Articles of Dissolution with the State of Oregon Corporation Division.

14.1.2 The Cooperative shall continue for the purpose of paying, satisfying and discharging any existing liabilities or obligations, and collecting or liquidating the assets and doing all other acts required to adjust and to wind up the business and affairs, and may sue and be sued in its corporate name.

14.1.3 Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provision of Section 3.4 above; provided, however, that if in the judgment of the Board the amount of such surplus relatively is too small to justify the expense of making such widespread distribution, the Board may, in lieu thereof, donate or provide for the donation of such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

ARTICLE XV

Miscellaneous

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

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

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

15.4 Seals. The seal of this Cooperative shall be circular in form and contain its name and the words "Canby, OR - Corporate Seal".

ARTICLE XVI

Amendments

16.1 Bylaw Amendments. These Bylaws may be amended at any meeting of the members, by a two-thirds (2/3) vote in the affirmative of those voting, provided that notice of the

proposed amendment is included in the notice of the meeting, and provided further that Section 12.2 (Sale or Disposition of Substantially All of Assets) cannot be amended without an affirmative vote of at least two-thirds (2/3) of the entire membership.