

# **BYLAWS OF STAR TELEPHONE MEMBERSHIP CORPORATION**

## **Table of Contents**

<b>ARTICLE I.</b>	<b><u>MEMBERSHIP</u></b>
SECTION 1.1.	Eligibility
SECTION 1.2.	Definition and Classifications
SECTION 1.3.	Membership Fees and Service Connection Fees
SECTION 1.4.	Purchase of Services
SECTION 1.5.	Termination of Membership
SECTION 1.6.	Negligent or Intentional Damage to Property
<b>ARTICLE II.</b>	<b><u>RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS</u></b>
SECTION 2.1.	Service Obligations
SECTION 2.2.	Cooperation of the Members in the Extension of Services
SECTION 2.3.	Nonliability for Debts of the Cooperative
SECTION 2.4.	Property Interest of Members
<b>ARTICLE III.</b>	<b><u>MEETINGS OF MEMBERS</u></b>
SECTION 3.1.	Annual Meeting
SECTION 3.2.	Special Meetings
SECTION 3.3.	Notice of Members' Meetings
SECTION 3.4.	Postponement of a Meeting of the Members
SECTION 3.5.	Quorum
SECTION 3.6.	Election and Credentials Committee
SECTION 3.7.	Voting
SECTION 3.8.	Proxies
SECTION 3.9.	Order of Business
<b>ARTICLE IV.</b>	<b><u>DIRECTORS</u></b>
SECTION 4.1.	General Powers
SECTION 4.2.	Election Process and Tenure of Office
SECTION 4.3.	Qualifications to be Nominated, to Become, or Remain a Director
SECTION 4.4.	Nominations
SECTION 4.5.	Election of Directors
SECTION 4.6.	Removal of Directors by Members and Resignations
SECTION 4.7.	Vacancies
SECTION 4.8.	Compensation
SECTION 4.9.	Rules, Regulations, Rate Schedules and Contracts

SECTION 4.10.

Accounting Systems and Reports

Bylaws of Star Telephone Membership Corporation – Table of Contents

**ARTICLE V.**

**MEETINGS OF THE BOARD**

SECTION 5.1.

Regular Meetings

SECTION 5.2.

Special Meetings

SECTION 5.3.

Notice of Board Meetings

SECTION 5.4.

Quorum

SECTION 5.5.

Unanimous Consent in Writing

**ARTICLE VI.**

**OFFICERS**

SECTION 6.1.

Number and Titles

SECTION 6.2.

Election and Term of Office

SECTION 6.3.

Removal of Officers and Agents by the Board

SECTION 6.4.

President

SECTION 6.5.

Vice President

SECTION 6.6.

Secretary

SECTION 6.7.

Assistant Secretary

SECTION 6.8.

Treasurer

SECTION 6.9.

Assistant Treasurer

SECTION 6.10.

Executive Vice President and General Manager

SECTION 6.11.

Bonds

SECTION 6.12.

Compensation

SECTION 6.13.

Reports

**ARTICLE VII.**

**INDEMNIFICATION OF OFFICERS, DIRECTORS,  
EMPLOYEES AND AGENTS**

SECTION 7.1.

Scope of Indemnification

SECTION 7.2.

Indemnification for Good Faith Action

SECTION 7.3.

Cost of Defense Indemnified

SECTION 7.4.

Amount of Indemnification

SECTION 7.5.

Expenses Advanced

SECTION 7.6.

Rights of Persons Indemnified

SECTION 7.7.

Insurance Coverage

**ARTICLE VIII.**

**NONPROFIT OPERATION**

SECTION 8.1.

Interest or Dividends on Capital Prohibited

SECTION 8.2.	Patronage Capital in Connection with Furnishing Telecommunications and Information Services
SECTION 8.3.	Patronage Capital Applied to Indebtedness

Bylaws of Star Telephone Membership Corporation – Table of Contents

<b>ARTICLE IX.</b>	<b><u>DISPOSITION AND PLEDGING OF PROPERTY</u></b> <b><u>DISSOLUTION AND DISTRIBUTION OF SURPLUS</u></b> <b><u>ASSETS UPON DISSOLUTION</u></b>
SECTION 9.1.	Disposition and Pledging of Property
SECTION 9.2.	Dissolution
SECTION 9.3.	Distribution of Surplus Assets on Dissolution
<b>ARTICLE X.</b>	<b><u>SEAL</u></b>
<b>ARTICLE XI.</b>	<b><u>FINANCIAL TRANSACTIONS</u></b>
SECTION 11.1.	Contracts
SECTION 11.2.	Checks, Drafts, Etc.
SECTION 11.3.	Deposits
<b>ARTICLE XII.</b>	<b><u>MISCELLANEOUS</u></b>
SECTION 12.1.	Membership in Other Organizations
SECTION 12.2.	Waiver of Notice
SECTION 12.3.	Rules and Regulations
SECTION 12.4.	Fiscal Year
<b>ARTICLE XIII.</b>	<b><u>AMENDMENTS</u></b>

**BYLAWS**  
**OF**  
**STAR TELEPHONE MEMBERSHIP CORPORATION**  
**ARTICLE I.**  
**MEMBERSHIP**

**SECTION 1.1. Eligibility.** Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of STAR TELEPHONE MEMBERSHIP CORPORATION (hereinafter called the “Cooperative”) upon receipt of telecommunications or information services (hereinafter referred to simply as “services”) from the Cooperative. Membership is automatic and instantaneous upon receipt of service; however, each Member shall:

- (1) Make a written application for membership for the Cooperative’s records;
- (2) Agree to purchase services from the Cooperative in accordance with established tariffs, as well as pay other charges for services that the Member uses and the Cooperative is obligated by law or contract to collect;
- (3) Agree to comply with, and be bound by, the Articles of Incorporation (Articles of Consolidation), Bylaws of the Cooperative and Amendments thereto, and any rules and regulations adopted by the Board, it being understood that in these Bylaws the term “Articles of Incorporation” is synonymous with the term (Articles of Consolidation);
- (4) Pay the nonrefundable membership fee as hereinafter specified.

The status of all memberships shall be as reflected upon the books of the Cooperative and no membership certificates will be issued.

**SECTION 1.2. Definition and Classifications.**

(a) Membership in the Cooperative is effected by:

- (1) Procuring the Cooperative’s central office dial tone or other telecommunication service, and
- (2) Providing a continuing periodic telecommunications revenue stream for the Cooperative.

The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership.

- (b) The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, the definitions, the types, the qualifications and rights of each class shall be determined by the Board.
- (c) Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunications services to members are neither members nor patrons by virtue of division of revenue contracts.

(d) Each time-sharing or interval-ownership premise is considered as a single corporate member.

### Bylaws of Star Telephone Membership Corporation

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.

All memberships in the Cooperative are extended only to individual persons (natural or corporate) who meet the requirements of 1.1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of this current edition of Bylaws, no new joint memberships will be established. 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 membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (1) 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;
- (2) The vote of either separately or both jointly shall constitute one joint vote;
- (3) A waiver of notice signed by either or both shall constitute a joint waiver;
- (4) Notice to either shall constitute notice to both;
- (5) Expulsion of either shall terminate the joint membership;
- (6) Withdrawal of either shall terminate the joint membership;
- (7) Either, but not both, may be elected or appointed as an officer or Director if individually qualified;
- (8) Upon the death of a spouse who is the first to die and who is a party to a joint membership, such membership shall be converted to an individual membership; and the undistributed capital credited to said joint membership shall be owned by the estate of the first of them to die and may be applied by as set out in **ARTICLE VIII., SECTION 8.2.** However, the estate of the deceased member (patron) and of the joint membership shall not be released from any debts due the Cooperative and said patronage capital shall be applied to indebtedness owed by the estate and the joint membership to the Cooperative.

**SECTION 1.3. Membership Fees and Service Connection Fees.** The membership fee shall be Ten Dollars (\$10.00) and shall be nonrefundable. The service connection fee shall be in

accordance with the rules, regulations and tariffs of the Cooperative. Upon payment of the membership and service connection fees, a Member shall be eligible for one (1) service connection.

#### Bylaws of Star Telephone Membership Corporation

**SECTION 1.4. Purchase of Services.** Each member shall, as soon as service is available, take service from the Cooperative for personal residential or business use. Service is defined as one or more of the telecommunications and information services which the Cooperative is authorized by law to furnish and which are furnished and billed directly by the Cooperative to the member. It is expressly understood that telecommunications services provided by third parties using Cooperative facilities, as required by law, and billed directly by the third party do not constitute service provided by the Cooperative, and that customers of the third party are not members of the Cooperative. It is further understood that services provided by the Cooperative to third parties for resale do not constitute service as it applies to membership, or capital credits and, as such, the third party is not a member, unless the third party purchases services for its own internal use. Each member shall pay for service monthly, or as otherwise authorized, at rates which shall from time to time be fixed by the Board in its established tariffs, or, for services rendered by other carriers through the Cooperative's facilities and billed by the Cooperative, at the rates which the Cooperative is obligated to bill and collect by contractual arrangements with other carriers. Each member shall pay all amounts owed by him to the Cooperative as and when they shall become due and payable.

#### **SECTION 1.5. Termination of Membership.**

- (a) Any Member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two thirds (2/3) of all Directors, 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 liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled Member may be reinstated by vote of the Board or by vote of the Members at any Annual or Special Meeting.
- (b) 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 estate from any debts due the Cooperative nor do unpaid bills release a Member from his obligations under these Bylaws or rules and regulations approved by the Board.

**ARTICLE II.**  
**RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE**  
**MEMBERS**

**SECTION 2.1. Service Obligations.**

(a) The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted service nor will it always be able to provide every service desired by each individual Member.

Bylaws of Star Telephone Membership Corporation

(b) The Members pledge to purchase all services from the Cooperative to the extent that its services are able to meet the Members' needs and are competitively priced.

**SECTION 2.2. 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 telephone and/or communications lines, overhead or underground, 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 communication service to said Member, or any other Member, 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.

**SECTION 2.3. 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.

**SECTION 2.4. Property Interest of Members.** Upon dissolution, after:

- (1) All debts and liabilities of the Cooperative shall have been paid;
- (2) All capital furnished through patronage shall be retired as provided in these Bylaws;
- (3) The remaining property and assets of the Cooperative shall be distributed in accordance with the applicable provisions of the law.

**ARTICLE III.**  
**MEETINGS OF MEMBERS**

**SECTION 3.1. Annual Meeting.** The Annual Meeting of the Members shall be held on the second Saturday of November of each year at such place within a county served by the Cooperative, as selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board Members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative nor effect the validity of any corporate action.

Bylaws of Star Telephone Membership Corporation

If any member would like to submit items of business for consideration at the Annual Meeting of the Members, said item shall be filed with the Secretary of the Corporation in writing at least fifteen (15) days prior to the date scheduled for the Annual Meeting of the Members.

**SECTION 3.2. Special Meetings.** Special Meetings of the Members may be called by resolution of the Board, or upon a written request signed by any three (3) Directors, by the President, or by at least ten percent (10%) 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 place within the counties served by the Cooperative specified in the notice of the Special Meeting.

**SECTION 3.3. Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of a Special Meeting or an Annual Meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than five (5) days nor more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at the address appearing on the records of the Cooperative, with postage thereon prepaid. 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.

**SECTION 3.4. Postponement of a Meeting of the Members.** In the event of inclement weather or the occurrence of a catastrophic event, the meeting of the Members may be postponed by the President. Notice of the adjourned meeting shall be given by the President in any media of general circulation or broadcast serving the area.

**SECTION 3.5. Quorum.** Business may not be transacted at any meeting of the Members unless there are in person or represented by proxy at least one-half of one percent (1/2 %) of the then total Members of the Cooperative, except that if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date, provided that the Secretary shall notify any absent Members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.3. At all meetings of the Members, whether a quorum be present or not, 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 and those represented by proxy.

Bylaws of Star Telephone Membership Corporation

**SECTION 3.6. Election and Credentials Committee.** The Board of Directors shall, at least ten (10) days before any meeting of the Members, appoint an Election and Credentials Committee consisting of an uneven number of Cooperative Members – not less than five (5), nor more than fifteen (15) – who are not existing Cooperative employees, agents, officers, Directors or known candidates for Director, and who are not close relatives (as hereinafter defined) or Members of the same household thereof. In appointing the Committee, the Board shall have regard for the equitable representation of the geographic areas served by the Cooperative. The Committee may elect its own Chairman and Secretary prior to the Member Meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting Member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of the Members in person, or by proxy, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularity or indecisively marked or cast, to rule upon all other questions that may arise relating to Member voting and the election of Directors (including but not limited to the validity of petitions of nomination or the qualification of candidates and the regularity of the nomination and election of Directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or an objection is filed concerning any election, such protest or objection must be filed during or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Committee shall thereupon be reconvened, upon notice from its Chairman, not less than seven (7) days after such protest or object is filed. The Committee shall hear such evidence as presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and

any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

**SECTION 3.7. Voting.** Each Member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the Members. All issues with respect to voting shall be governed according to the latest edition of *Robert's Rules of Order* unless otherwise specified by law or the Articles of Incorporation. Voting by Members other than Members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each Member Meeting, satisfactory evidence entitling the person presenting the same to 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 or by proxy, 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. In the election of Directors, a voice vote may be permitted if there is Bylaws of Star Telephone Membership Corporation

no competition for the seat or seats to be filled.

In the event of a tie of any matter submitted to a vote of the Members, the tie shall be broken by a vote of the Board of Directors. In the event that the tie involves the election of the Board of Director members, in that event only, the tie shall be broken by a vote of the Board of Directors members who are not then up for election.

**SECTION 3.8. Proxies.** A Member may vote by proxy executed in writing by the Member. Such proxy shall be filed with the Secretary of the Corporation before 12:00 noon on the Monday preceding the Annual Meeting. No proxy shall be valid after sixty (60) days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A Member may appoint as his proxy the Secretary, another Member, or an adult relative living in the same house with such Member; and no person may hold more than five (5) proxies at any meeting, except a person entitled under this Section may hold and vote a proxy for an unlimited number of Members in connection with determining a quorum and an amendment of the Certificate of Incorporation or any other matter, the carrying of which, as provided by law, requires the affirmative vote of a majority of the total Members of the Cooperative and proxy voting is allowed, and except the Secretary may hold and

vote a proxy for an unlimited number of Members. In the event a Member executes two or more proxies for the same meeting or for any adjournment thereof, the most recently dated proxy shall revoke all others; if such proxies carry the same date and are held by different persons, none of them will be valid or recognized. The presence in person of a Member at a meeting or any adjournment thereof shall revoke any proxy theretofore executed by him for such meeting or for such adjournment thereof, as the case may be, and he shall be entitled to vote in the same manner and with the same effect as if he had not executed a proxy.

**SECTION 3.9. 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:

- (1) Report on the number of Members present in person and represented by proxy in order to determine the existence of a quorum.
- (2) Reading the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (3) Reading of unapproved Minutes of previous meetings of the Members and the taking of necessary action thereon.
- (4) Presentation and consideration of reports of officers, Directors, and committees.
- (5) Election of Directors.
- (6) Unfinished business.

Bylaws of Star Telephone Membership Corporation

- (7) New business.
- (8) Adjournment.

Notwithstanding the foregoing, the Board or the Members themselves may, from time to time, establish a different order of business for the purpose of assuring the earlier consideration of an action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; provided, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

**ARTICLE IV.**  
**DIRECTORS**

**SECTION 4.1. General Powers.** The business and affairs of the Cooperative shall be managed by a Board of Directors which shall exercise all of the powers of the Cooperative except such as

are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the Members.

**SECTION 4.2. Election process and Tenure of Office.** The three-year-staggered-term system of the Board of Directors shall be used by the Cooperative. The three (3) Directors whose terms shall expire at the Annual Meeting of the Members in 1996 shall hereafter be designated as the “First Group of Directors,” with one (1) Director residing in the service area of the Harrells Exchange, one (1) Director residing in the service area of the Herring Exchange, and the other Director residing in the service area of the Abbottsburg Exchange, and they shall be elected in 1996 and at the Annual Meeting of Members every three (3) years thereafter. The three (3) Directors whose terms shall expire at the Annual Meeting of Members in 1997 shall hereafter be designated as the “Second Group of Directors,” with one (1) Director residing in the service area of Coharie Exchange, one (1) Director residing in the area of the Kelly Exchange, and the other Director residing in the area of the White Oak Exchange, and they shall be elected in 1997 and at the Annual Meeting of Members every three (3) years thereafter. The three (3) Directors whose terms shall expire at the Annual Meeting of Members in 1995 shall hereafter be designated as the “Third Group of Directors” with one (1) Director residing in the service areas of the South River or Cypress Creek Exchanges, one (1) Director residing in the service area of the Six Runs Exchange, and the other Director residing in the service area of the Lisbon Exchange, and they shall be elected in 1995 and at the Annual Meeting of the Members every three (3) years thereafter.

At each respective Annual meeting of Members hereafter, the Directors to be elected at the meeting shall be elected by secret ballot if there is a contest and if not, by voice vote or by any other manner designated by the person presiding, by and from the Members, to serve for a term of three (3) years each, or until their successors shall have been elected and shall have qualified. If an election of Directors as hereinbefore specified shall not be held on the date designated herein for the Annual Meeting, or at an adjournment thereof, then those Directors whose terms would have expired at that Annual Meeting shall holdover until the next Member’s Meeting at which a quorum is present, however, the term voted on for said holdover Directors’ positions shall be reduced by the period of the holdover so that the staggering of the terms of the Directors shall remain the same. Directors may be elected by a plurality vote of the Members.

**SECTION 4.3. Qualifications to be Nominated, to Become, or Remain a Director.** Any Member who is not an employee and who has never been an employee of the Cooperative shall be eligible to be nominated, elected, and remain a Director of the Cooperative who:

- (1) Resides in the geographic area from which he or she is elected and has resided there for more than one (1) year. However, residency is not a requirement for Members who are not natural persons.
- (2) Is NOT an employee of the Cooperative or in any way financially interested in a competing enterprise or business engaged in selling communication services or communication supplies or maintaining communication facilities. However, the Board may grant exceptions for “de minimis” competing enterprise.
- (3) Is NOT 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 remain a Director or to be reelected as a Director if he becomes a close relative of another incumbent Director or of a Cooperative employee because of a marriage to which he was not a party; neither shall an employee lose eligibility to continue in the employment 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.

To remain a Director, the incumbent must attend one-half (1/2) or more of the regular meetings during each twelve (12)-month period beginning with the month of his/her election. Upon establishment of the fact that a Director or nominee is in violation of any of the provisions of this Section, that office or nomination shall be deemed vacant.

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

**SECTION 4.4. Nominations.** It shall be the duty of the Board to appoint – not less than forty (40) nor more than ninety (90) days before the date of a meeting of the Members at which Directors are to be elected – a committee on nominations consisting of not less than five (5) nor Bylaws of Star Telephone Membership Corporation

more than eleven (11) Members who shall be elected 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 principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting a list of nominations for Directors which shall include at least one (1) candidate for each Director to be elected. Any fifty (50) or more Members, residing in the area(s) for which the seat for the proposed nominee is up for election, acting together may make their nomination by petition not less than thirty (30) 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 ten (10) days before the date of the meeting a statement of the number of Directors to be elected and the names 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 4.5. Election of Directors.** Contested elections of Directors shall be by a form of printed ballot. The ballot shall list the names of the candidates nominated by the committee and by petition.

**SECTION 4.6. Removal of Directors by Members and Resignations.** Any Member may bring charges, relating to the duties and responsibilities of his position, against a Director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) of the Members, or five hundred (500), whichever is the lesser, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the Members at which time the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the Members. No Director shall be removed from office unless by a vote of two-thirds (2/3) of the Members present. 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.

A Director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary, or the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.

#### Bylaws of Star Telephone Membership Corporation

**SECTION 4.7. Vacancies.** Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the Members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within ninety (90) days after the vacancy occurs, the Members shall have the right to

fill such vacancy at a meeting of the Members without compliance with the foregoing provisions in respect to nominations. However, any successor, whether chosen by the Board or the Members, must have the same qualifications for office as set forth in Section 4.3.

**SECTION 4.8. Compensation.** The compensation Directors shall receive for actual attendance at each local meeting of the Board of Directors pertaining to the business of the Cooperative shall be one hundred twenty-five dollars (\$125) and private auto mileage equal to the rate allowed by the United States Internal Revenue Service. The compensation Directors shall receive for actual attendance to authorized telephone association and workshop meetings and other meetings authorized by the Board of Directors shall be one hundred twenty-five dollars (\$125) per day, the aforesaid allowable rate per mile transportation, and actual expenses for lodging and meals for each Director in attendance. Where air travel is available to such meetings, transportation and expenses to and from shall be the amount of coach air fare, or the Director may travel as he wishes. If the Director desires to travel by other than air, daily salary and expenses will only be paid for two (2) days there and two (2) days back and while in attendance at the meeting, provided the round trip mileage paid shall not exceed two thousand (2,000) miles. Also, Directors shall receive accident, life, group life, group health and group dental insurance, and local service telephone concession. No close relative of a Director shall receive compensation for serving the Cooperative, unless the payment and the amount of compensation shall be specifically allowed by a vote of the Members or the service of such close relative shall have been certified by the Board as an emergency measure. For the purpose of this Section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, uncles, aunts, nephews and nieces, by blood, by marriage, or by adoption, and spouses of any of the foregoing.

**SECTION 4.9. Rules, Regulations, Rate Schedules and Contracts.** The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate classifications, rate schedules, contracts, security deposits and other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Certificate 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 governmental regulatory approval. Further, the Board of Directors may constitute itself into committees for the purpose of studying and making recommendations to the full Board in the course of its decisional processes.

Bylaws of Star Telephone Membership Corporation

**SECTION 4.10. 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 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 or prior to 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.

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

**SECTION 5.1. Regular Meetings.** A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the Annual Meeting of the Members. A regular meeting of the Board shall also be held monthly at such time and place as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. A minimum of at least ten (10) regular meetings shall be held each year. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of telephone conference or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

**SECTION 5.2. Special Meetings.** Special Meetings of the Board may be called by the President or by any three (3) Board Members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or Board Members calling the meeting shall fix the time and place for the holding of the meeting.

**SECTION 5.3. Notice of Board Meetings.** Written notice of the time, place (or telecommunications conference event) and purpose of any Special Meeting of the Board shall be delivered to each Director either personally or by mail, or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or one of the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Director at his address as it appears on the records of the Cooperative, with first-class postage thereon prepaid, at least five (5) days before the date set for the meeting.

Bylaws of Star Telephone Membership Corporation

**SECTION 5.4. Quorum.** A majority of the Board shall constitute a quorum provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Director of the time and place of such adjourned meeting. The act of a majority of the Directors present and voting at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws or by the parliamentary procedure or special rules adopted by the Cooperative.

Directors may not vote by proxy at regular or special Board meetings.

**SECTION 5.5. Unanimous Consent in Writing.** Unless otherwise prohibited by law, Board actions may be taken without a meeting and without a vote if unanimous consent of the Board is obtained in writing setting forth the action taken in detail and the document is signed by all Board Members entitled to vote.

**ARTICLE VI.**  
**OFFICERS**

**SECTION 6.1. Number and Titles.** The officers of the Cooperative shall be a President, Vice President, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by one (1) person, and the office of Assistant Secretary and Assistant Treasurer may be held by one (1) person.

**SECTION 6.2. Election and Term of Office.** The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected annually by and from the Board, at the meeting of the Board held immediately after the Annual Meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding Annual Meeting of the Members, or until a successor shall have been elected and shall have qualified. Except as otherwise provided in these Bylaws, a vacancy in any office shall be filled by the Board for the unexpired portion of the term. The office of Executive Vice President and General Manager is excepted from this Section and is controlled by Section 6.10 hereinafter set out.

Bylaws of Star Telephone Membership Corporation

**SECTION 6.3. Removal of Officers and Agents by the Board.** Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgement the best interests of the Cooperative will be served thereby. In addition, any Member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing, together with a petition signed by ten percent (10%) of the Members, or five hundred (500) Members, whichever is the lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity.

**SECTION 6.4. President.** The President shall:

- (1) Be the principle executive officer of the Cooperative and unless otherwise determined by the Members or the Board, shall preside at all meetings of the Members of the Board;
- (2) 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 Cooperative, or shall be required by law to be otherwise signed or executed; and
- (3) In general, perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time.

**SECTION 6.5. 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 6.6. Secretary.** The Secretary shall be responsible for:

- (1) Keeping the Minutes of the meetings of the Members and of the Board in books prepared for that purpose;

- (2) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- (3) The safekeeping of the corporate books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its Seal is duly authorized in accordance with the provisions of these Bylaws;

Bylaws of Star Telephone Membership Corporation

- (4) Keeping a register of the names and post office addresses of all Members;
- (5) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto and at the expense of the Cooperative, furnishing a copy of these Bylaws and of all amendments thereto to each Member; and
- (6) In general, performing all duties incident to the Office of the Secretary and such other duties as from time to time may be assigned to him by the Board.

**SECTION 6.7. Assistant Secretary.** In the absence of the Secretary, or in the event of his inability or refusal to act, the Assistant Secretary shall perform the duties of the Secretary and when so acting, shall have all the powers and be subject to all the restrictions upon the Secretary. The Assistant Secretary shall also perform such other duties as from time to time may be assigned to him by the Board.

**SECTION 6.8. Treasurer.** The Treasurer shall be responsible for:

- (1) Custody of all funds and securities of the Cooperative;
- (2) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; provided, however, that the Treasurer shall have authority, with the approval of the Board, to delegate to the Executive Vice President and General Manager the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
- (3) The general performance of all the duties incident to the Office of the Treasurer and such other duties as from time to time may be assigned to him by the Board; provided, however, with respect to the duties and responsibilities of the Treasurer, the Cooperative shall indemnify and hold the Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the Treasurer, in his official capacity, unless such claim is a result of an act personally committed or omitted by the Treasurer resulting in loss to the Cooperative.

**SECTION 6.9. Assistant Treasurer.** In the absence of the Treasurer, or in the event of his inability or refusal to act, the Assistant Treasurer shall perform the duties of the Treasurer and when so acting, shall have all the powers and be subject to all the restrictions upon the Treasurer.

The Assistant Treasurer shall also perform such other duties as from time to time may be assigned to him by the Board.

Bylaws of Star Telephone Membership Corporation

**SECTION 6.10. Executive Vice President and General Manager.** The Board shall appoint an Executive Vice President and General Manager, who may be, but who shall not be required to be, a Member of the Cooperative. The Executive Vice President and General Manager shall perform such duties as the Board may from time to time require and shall have authority as the Board may from time to time vest in him.

**SECTION 6.11. Bonds.** The Board shall require the Treasurer and any other officer, agent or employee of the Cooperative charged with responsibility for the custody of any of its funds or property 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 Cooperative to give bond in such amount and with such surety as it shall determine. The cost of all such bonds shall be borne by the Cooperative.

**SECTION 6.12. Compensation.** The powers, duties and compensation of officers, agents and employees shall be fixed or approved by the Board, subject to the provisions of these Bylaws with respect to compensation for close relatives of Directors.

**SECTION 6.13. Reports.** The officers of the Cooperative shall submit at each Annual Meeting of the Members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

**ARTICLE VII.**  
**INDEMNIFICATION OF OFFICERS, DIRECTORS,**  
**EMPLOYEES AND AGENTS**

**SECTION 7.1. Scope of Indemnification.** The Cooperative shall indemnify any person who was or is a party, or is 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 Cooperative) by reason of the fact that such person is or was a Director, officer, employee or agent of the Cooperative or who is or was serving at the request of the Cooperative as a Director, officer, employee or agent of another cooperative, 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 interests of the Cooperative, 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 Bylaws of Star Telephone Membership Corporation

judgement, order, settlement, conviction, or upon pleas of "nolo contendere" or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with the respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

**SECTION 7.2. Indemnification for Good Faith Action.** The Cooperative 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 Cooperative to procure a judgement in its favor by reason of the fact that such person is, or was, a Director, officer, employee or agent of the Cooperative, or is, or was, serving at the request of the Cooperative as a Director, 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 interests of the Cooperative. No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, 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 circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the Court shall deem proper.

**SECTION 7.3. Cost of Defense Indemnified.** To the extent that a Director, officer, employee or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 7.1. and 7.2., 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 7.4. Amount of Indemnification.** Any indemnification under Sections 7.1. and 7.2. (unless ordered by a Court) shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the Director, officer, employee or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 7.1. and 7.2. Such determination shall be made:

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

Bylaws of Star Telephone Membership Corporation

- (3) By the Members.

**SECTION 7.5. Expenses Advanced.** Expenses incurred in defending a civil or criminal action, suit or proceeding may be paid by the Cooperative 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 Director, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Cooperative as authorized in this Article.

**SECTION 7.6. Rights of Persons Indemnified.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of Members or disinterested Directors, 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 Director, officer, employee or agent, and shall inure to the benefit of the heirs, executors and administrators of such a person.

**SECTION 7.7. Insurance Coverage.** The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director, officer, employee or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Director, 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 VIII.** **NONPROFIT OPERATION**

**SECTION 8.1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

**SECTION 8.2. Patronage Capital in Connection with Furnishing Telecommunications and Information Services.** In the furnishing of telecommunications and information services, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to insure that the Bylaws of Star Telephone Membership Corporation

Cooperative will be operated on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of telecommunications and information services 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 Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of telecommunications and information services operating costs and expenses. 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 capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account; provided that individual notice of such amounts furnished by each patron shall not be required if the Cooperative notified all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself or herself the specific amounts of capital so credited to him or her. All such amounts credited to the capital credit account of any patron shall have the same status as though it has been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other nonoperating income received by the Cooperative from its operation in excess of costs and expenses may, insofar as permitted by law, be:

- (1) Used to offset any losses incurred during the current or any prior fiscal year, and
- (2) To the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated can be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner approved by the Board. The Board may also establish a permanent and nonallocated capital account for all nonoperating sources of income not collected from Members for telecommunications or information services.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method and type of assignment and distribution.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in a part of such patrons' premises served by the Cooperative Bylaws of Star Telephone Membership Corporation

unless the Board, acting under policies of general application, shall authorize other types of assignments. Patrons at any time may assign their capital credits back to the Cooperative and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.

Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any natural patron, if the personal representative(s) of his estate, and if none than the decedent's heir(s)-at-law, shall request in writing that the capital credited to any such patron be retired (paid) prior to the time such capital would be retired (paid) in a general retirement (payment) under provisions of these Bylaws – to retire (pay) capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the personal representative(s) and if none then the deceased member's heir(s)-at-law, of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby; and provided, however, that the aggregate amounts so retired in any one (1) year shall be in the discretion of

the Board so long as its total amount due is paid within two (2) years from the date of application.

When the capital credits of any patron no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other patrons 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 that 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 Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.

The patrons 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 patron, and further, between all the patrons themselves individually. Both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions with the Cooperative and each of its patrons. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its patrons.

Bylaws of Star Telephone Membership Corporation

**SECTION 8.3. Patronage Capital to Indebtedness.** Patronage capital accrued to a Member's credit shall at the time of the normal retirement thereof, be applied by the Cooperative on indebtedness owed by that Member to the Cooperative.

**ARTICLE IX.**  
**DISPOSITION AND PLEDGING OF PROPERTY**  
**DISSOLUTION AND DISTRIBUTION OF**  
**SURPLUS ASSETS UPON DISSOLUTION**

**SECTION 9.1. Disposition and Pledging of Property.** The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion in excess of

ten percent (10%) of its total assets unless such sale, mortgage, lease or other disposition or encumbrance is:

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

Notwithstanding the foregoing provisions of this Section, the Members of the Cooperative may, by the affirmative majority of votes cast in person or by proxy at any meeting of the Members, delegate to the Board the power and authority:

- (1) To borrow monies from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Cooperative's business purposes, and
- (2) To mortgage or otherwise pledge or encumber any and all of the Cooperative's property or assets as security therefor.

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

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

#### Bylaws of Star Telephone Membership Corporation

the judicial district in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board.

- (2) If the Board after receiving such appraisals (and other terms and conditions which are submitted if any) determines that the proposals should be submitted for consideration by Members, it shall first give by notice in appropriate publications other cooperatively organized entities an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals which the Cooperative has already received and copies of the respective reports of the three (3) appraisers. Such other interested cooperatively organized entities shall be given not less

than thirty (30) days during which to submit competing proposals, and the actual maximum period within which proposals are to be submitted shall be stated in the written notice given to them.

- (3) If the Board then determines that favorable consideration should be given to the initial of any subsequent proposal, which has been submitted to it, it shall so notify the Members not less than sixty (60) days before noticing a Special Meeting of the Members thereon or, if such be the case, the next Annual Member Meeting, expressing in detail each of any such proposals, and shall call a Special Meeting of the Members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the notice thereof to the Members: provided that consideration and action by the Members may be given at the next Annual Meeting if the Board so determines and if such Annual Meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting.
- (4) Any fifty (50) or more Members, by so petitioning the Board not less than thirty (30) days prior to the date of such Special or Annual Meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all Members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

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

**SECTION 9.2. Dissolution.** The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Star Telephone Membership Corporation" and shall state:

- (1) The name of the Cooperative, and if such Cooperative is a corporation resulting from a consolidation as herein provided, the names of all the original corporations or cooperatives.

#### Bylaws of Star Telephone Membership Corporation

- (2) The date of filing of Certificate of Incorporation, and if such Cooperative is a Cooperative resulting from a consolidation as herein provided, the dates on which the Certificate of Incorporation of the original corporation were filed.
- (3) That the Cooperative elects to dissolve.
- (4) The name and post office address of each of its Directors, and the name, title and post office address of each of its officers.

Such Certificates shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the President or a Vice President, and the Secretary or an Assistant Secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such Certificate by the votes cast in person of at least two-thirds (2/3) of its total membership voting without proxies.

A Certificate of Dissolution and certified copy or copies thereof shall be filed in the same place as the original Certificate of Incorporation and thereupon the Cooperative shall be deemed to be dissolved. Such Cooperative shall continue for the purpose of paying, satisfying and discharging any existing liabilities or obligations and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name.

**SECTION 9.3. Distribution of Surplus Assets on Dissolution.** Any assets remaining after all debts and liabilities of the Cooperative shall have been paid shall be disposed of pursuant to the provisions of Section 2.4. above.

## **ARTICLE X.** **SEAL**

The Corporate Seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words “INCORPORATED 1959”, “SEAL”, “CLINTON, NORTH CAROLINA”.

## **ARTICLE XI.** **FINANCIAL TRANSACTIONS**

**SECTION 11.1. Contracts.** Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative and such authority may be general or confined to specific instances.

Bylaws of Star Telephone Membership Corporation

**SECTION 11.2. Checks, Drafts, Etc.** All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the

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

**SECTION 11.3. Deposits.** All the funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may select.

## **ARTICLE XII.** **MISCELLANEOUS**

**SECTION 12.1. 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.

**SECTION 12.2. Waiver of Notice.** Any Member or Director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a Member or Director at any meeting shall constitute a waiver of notice of such meeting by such Member or Director, except in case a Member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

**SECTION 12.3. 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 the affairs of the Cooperative.

**SECTION 12.4. Fiscal Year.** The fiscal year of the Cooperative shall begin on the first (1<sup>st</sup>) day of January of each year and shall end on the thirty-first (31<sup>st</sup>) day of December of the same year.

**ARTICLE XIII.**  
**AMENDMENTS**

These Bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the Directors in office, at any regular or special Board meeting, but only if the notice of such meeting shall have contained a copy of proposed alteration, amendment or repeal, or an accurate summary explanation thereof; provided, however, that the provisions of Section 9.1. relating to a major disposition of the Cooperative's property, and Section 9.2. relating to the dissolution of the Cooperative, may not be altered, amended or repealed unless and until North Carolina General Statutes 117-20 and 117-34, which respectively provide for same, are amended or repealed.

**REVISED EFFECTIVE DATE: November 3, 2020**