

AMENDED  
BYLAWS  
OF  
ARCTIC SLOPE TELEPHONE ASSOCIATION COOPERATIVE, INC.

ARTICLE I.  
MEMBERSHIP

SECTION 1. Requirements for Membership. Except as otherwise provided below, any person, entity or body politic or subdivision thereof may become a member of ARCTIC SLOPE TELEPHONE ASSOCIATION COOPERATIVE, INC. ("Cooperative") upon receipt of telephone or other communication services from the Cooperative, provided that he, she or it has first:

- (a) Made a written application for membership;
- (b) Agreed to purchase retail services from the Cooperative as an end user in accordance with established tariffs, as amended or supplemented from time to time;
- (c) Agreed 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;

Purchasers of Cooperative services for resale to others, purchasers of interexchange or interconnection services and purchasers who compete with the Cooperative or its subsidiaries may be patrons, but not members, of the Cooperative solely to the extent they purchase retail services offered to the general public by the Cooperative for the purchaser's use as an end user.

No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable, except as provided in these Bylaws.

SECTION 2. Joint Membership.

(a) A husband and wife, or any two persons who occupy the same household, may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these bylaws shall be deemed to include a husband and wife or any two persons who occupy the same household 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. Each joint member shall be jointly and severally bound by the Articles of Incorporation, bylaws, rules, regulations and tariff of the Cooperative, as such may be amended from time to time. Without limiting the generality of the foregoing, the effect of the following specified actions by or in respect of the holders of a joint membership shall be as follows:

- i. 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;
- ii. the vote of either separately or both jointly shall constitute one joint vote;
- iii. a waiver of notice signed by either or both shall constitute a joint waiver;
- iv. notice to either shall constitute notice to both;
- v. expulsion of either shall terminate the joint membership;
- vi. withdrawal of either shall terminate the joint membership;
- vii. either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

(b) A membership may be converted to a joint membership upon the written request of the holder of the membership and the agreement by such holder and his or her spouse or other person who occupies the same household to comply with the articles of incorporation, bylaws, rules, regulations and tariffs as such may be amended from time to time.

(c) Upon the death of any individual who is a party to the joint membership, such membership shall be held solely by the survivor; provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative. In such event, the surviving joint member shall apply to the Cooperative for an individual membership.

(d) Upon the divorce or separation of the holders of a joint membership, such membership and the related telephone number shall continue to be held solely by the one who continues to occupy or use the premises covered by such membership in the same manner and to the same effect as though membership had never been joint; provided, that irrespective of the automatic termination above, the person continuing to occupy and use the premises covered by the membership shall apply to the Cooperative for an individual membership; and provided further, that neither joint member shall be released from any debts due to the Cooperative until such time as the Cooperative has acknowledged termination of the joint membership in writing. Each former joint member may, upon compliance with the requirements set forth above, apply to and be accepted for individual membership in the Cooperative. The former joint member who no longer occupies the premises shall remain liable for all debts and obligations of the joint membership until satisfied in full. If neither joint member maintains occupancy of the premises, the telephone number shall be returned and both individuals must apply for individual memberships.

SECTION 3. Security Deposits. The Board may require a deposit or other security as a condition of service. The security deposit shall be determined in the manner set forth in the tariff of the Cooperative and may consist of a multiple of the estimated monthly future toll and local service charges of the member.

SECTION 4. Purchase of Services. Each member shall, as soon as service is available, take service from the Cooperative and shall pay therefor monthly at rates in accordance with established tariffs. Tariff rates should reflect service substantially at cost to members and patrons. Cost is understood to include a reasonable amount for accumulation of capital for expansion and modernization. It is expressly understood that amounts paid for services in excess of costs are furnished by members and patrons as capital and each member and patron shall be credited with capital so furnished as provided in these Bylaws. Any such excess income belongs to the members and patrons through crediting of capital to their accounts in proportion to their business done with the organization. Records shall be kept, as provided in these Bylaws, as are necessary to determine at any reasonable time the members' rights and interests in the assets of the organization. Each member and patron shall also pay all amounts owed to the Cooperative as and when the same shall become due.

#### SECTION 5. Termination of Membership.

(a) Any member may withdraw from membership, and any patron may terminate service, upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by resolution passed by a majority of its members, expel any member or terminate the service of any patron who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, rules, regulations or tariff as amended from time to time. Any expelled member or terminated patron may be reinstated by vote of a majority of the Board. Notwithstanding the above, the General Manager may cancel the membership of any member or service of any patron:

(1) Who has ceased to purchase telecommunications service from the Cooperative for a period of six (6) months;

(2) Who had a disconnect or termination order in effect for thirty days without signing an order to reconnect; or

(3) To whom telephone service has been discontinued because of nonpayment of bills due the Cooperative; provided, that such delinquency shall have continued for at least thirty (30) days prior to the discontinuance of such service.

Any canceled membership or terminated service may be reinstated by the member or patron curing the defect giving rise to termination of the membership or service, the delivery of an appropriate application and the posting of a reasonable deposit or other security where required by the Cooperative.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member or the termination of service of a patron, the membership of such member or right to service of the patron shall thereupon terminate. Termination of membership or service shall not release a member or patron or his or her estate from any debts due the Cooperative.

(c) In a case of termination of membership or service in any manner, the former member's or patron's rights and interests will not be forfeited; rather, the Cooperative may retire the credits, if any, in the member's or patron's capital account as provided in these Bylaws, after determination by the Board that the financial condition of the Cooperative will not be impaired if such payment is made. The Cooperative shall deduct from the capital credit account the amount of any obligation owed by the member or patron to the Cooperative. Upon payment or credit of the entire patronage capital due upon termination, the member or patron shall have no further patronage claims or interest in the Cooperative except as is otherwise provided by Alaska law, and in these bylaws.

**SECTION 6. Service To Patrons.** The Cooperative may authorize the furnishing of service to persons not members of the Cooperative when the furnishing of such service is, in the judgment of the Cooperative, in the best interests of the Cooperative provided, however, that such service to non-members shall not exceed ten per centum (10%) of the number of members of the Cooperative, and provided, further, that the Cooperative may, without regard to said ten per centum (10%) limitation, make service available through interconnection of facilities to any number of subscribers of other telephone systems, and through pay stations to any number of users, and provided, further, that if the Cooperative acquires existing telephone facilities, it may, upon approval of the Cooperative and subject to terms and conditions imposed by the Cooperative, continue service to persons, not in excess of forty per centum (40%) of the number of members of the Cooperative, who are already receiving service from such facilities without requiring such persons to become members, but such persons may become members upon the same terms and conditions, rights, and liabilities, as are herein provided for membership in the Cooperative.

## ARTICLE II.

### RIGHTS AND LIABILITIES OF MEMBERS AND PATRONS

**SECTION 1. Property Interest of Members.** Upon dissolution, after all expenses and liabilities of the Cooperative have been paid and all capital furnished through patronage shall have 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 total patronage of each member bears to the total patronage of all members.

**SECTION 2. Nonliability for Debts of the Cooperative.** The private property of the members and patrons shall be exempt from execution or other liability for the debts of the Cooperative and no member or patron shall be liable or responsible for any debts or liabilities of the Cooperative.

**SECTION 3. Classification of Margins.** In the discretion of the Board of Directors, the Cooperative may find it necessary to separately classify, under policies of general application, certain Cooperative functions of groups of members or patrons, or revenue categories, so as to more properly account for costs of service and patronage margins supplied by the members or patrons. In doing so, the allocation of expenses and patronage credits may be based on a variety of relevant factors such as the cost of rendering service, the terms and conditions of certain types of service, the terms of agreements with members or patrons, and the obligations of the parties involved. Patronage capital credits may accrue at a different rate for certain classifications of members or patrons or for different types of service.

SECTION 4. Determination of Cooperative Services. To the maximum extent allowed by law, the Board of Directors shall have the discretion to expand the types of services provided to members and patrons on a Cooperative basis and to allocate and redeem capital credits generated by such services.

### ARTICLE III. MEETINGS OF MEMBERS

SECTION 1. Districts. The territory served or to be served by the Cooperative shall be divided into districts for the purposes of holding the annual meeting of members by district and the election of Board members. The districts shall be as follows:

District 1: An area located within a radius of 5.0 miles from the new school at Point Hope.

District 2: An area located within a radius of 5.0 miles from the post office at Point Lay.

District 3: An area located within a radius of 5.0 miles from the post office at Wainwright.

District 4: An area located within a radius of 5.0 miles from the post office at Atkasuk.

District 5: An area located within a radius of 5.0 miles from the post office at Nuiqsut.

District 6: An area located within a radius of 5.0 miles from the post office at Kaktovik.

District 7: An area located within a radius of 5.0 miles from the post office at Anaktuvuk Pass.

District 8: An area located within a radius of 5.0 miles from the Trans-Alaska Pipeline and any pipeline feeding it.

District 9: An area located within a radius of 8.0 miles from the Telephone Central office in the City of Barrow.

SECTION 2. Annual Meeting. The annual meetings of the members, for the purpose of electing Directors, shall be held during the second half of each year. All other annual meetings may be held anytime during the calendar year. The meetings shall be held in such place within each district as is 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 each district meeting. It shall be the responsibility of the Board to make adequate plans for the annual meetings. Failure to hold the district annual meetings at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3. Special Meetings. Special meetings of the members may be called by resolution of a majority of the Board, or by not less than ten percent (10%) of all the members. It shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as provided below. Special meetings of the members may be held at any place within each district as designated in the notice of the special meeting.

SECTION 4. Notice of Meetings. Written notice stating the place, day and hour of the meetings and, in the case of special meetings or annual meetings 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 fifteen (15) nor more than sixty (60) days before the first regular member district meeting and not less than ninety (90) nor more than one hundred twenty (120) days before the date of the first special member district meeting either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his, her or its address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 5. Quorum. As long as the total number of members of a district does not exceed one thousand (1,000), five (5%) percent of the total number of members of a district, present in person, plus those members who vote by mail or electronically, shall constitute a quorum. In case the total number of members of a district shall exceed one thousand (1,000), fifty (50) members including those present in person and those members who vote by mail or electronically, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from

time to time without further notice. The minutes of each meeting shall contain a list of the members present in person and those members who vote by mail or electronically.

SECTION 6. Voting. Each member shall be entitled to only one (1) vote on each matter submitted to a vote at a meeting of the members. An individual may vote once on each matter for a non-natural entity which is itself a member in good standing and which has properly authorized the individual to vote on its behalf. The Cooperative may require the designated individual to submit satisfactory written proof of such designation prior to voting. All questions shall be decided by a vote of majority of the members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. A member may vote only in the district in which the member has his, her or its primary residence or place of business. Members may not vote by proxy. Cumulative voting is not allowed. Voting by mail and voting electronically, according to policies adopted by the Board of Directors, shall be allowed on all questions submitted to the members, except as otherwise prohibited by law. Ballots for use by members voting by mail, together with a small ballot envelope affixed with the address of the Cooperative and return postage shall be mailed to each member with the meeting notice. The ballot return envelope will have a line on the back of the envelope for the member to sign the member's name and insert the member's telephone or cellular phone number. The ballot may be cast only on a ballot filled in by the member listed as such on the Cooperative's records. The ballot must be returned in the sealed envelope provided by the Cooperative and signed by the member on the back of the envelope. A ballot received in an envelope that is not signed, or not signed by the member identified as such in the records of the Cooperative or which is illegible will not be counted. Failure of receipt of a ballot by a member or from a member shall not invalidate the election. A ballot cast by mail or electronically may not be withdrawn at a member meeting. In lieu of casting a ballot by mail or electronically, a member who has not previously voted by mail or electronically, may vote in person at the annual or special meeting. Ballots of members voting by mail or electronically must be received at the Cooperative headquarters in Anchorage, Alaska, no later than 5:00 p.m., five (5) business days prior to the commencement of the Annual Meeting or Special Meeting cycle for which the ballot is cast. A vote so cast shall be counted at the member meeting as if the member were present and voting in person for quorum purposes. A member who votes by mail or electronically must attend the annual meeting in person to participate in door prize drawings. If less than a quorum is present at the meeting, the election Committee shall cause to be preserved all ballots received by mail until such time as a quorum is present. Marked ballots will be retained and secured for a period of ninety (90) days following the election, after which time they may be destroyed.

SECTION 7. Order of Business. The order of business in each district annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows:

1. Determination of a quorum.
2. Establish proper mailing and posting of meeting notice, or waiver of notice of the meeting, as the case may be.
3. Approval of prior meeting minutes.
4. Presentation and consideration of reports of officers.
5. Election of Board members.
6. Unfinished business.
7. New business.
8. Adjournment.

#### ARTICLE IV. BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine (9) members which shall exercise all of the powers of the Cooperative except as such are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members. One member shall be elected from each district of the Cooperative.

SECTION 2. Election and Tenure of Office. The persons named as Board members in the Articles of Incorporation shall compose the Board until the first annual meeting or until their successors shall have

been elected. Beginning with the year 1984, the terms shall be staggered and Board members shall be elected for three-year terms to fill vacancies caused by expiration of the incumbent's term of office.

SECTION 3. Qualifications. A person shall be eligible to become or remain a Board member of the Cooperative who:

- (a) Is a member or an authorized representative of a non-natural member of the Cooperative in good standing;
- (b) Is not in any way employed by or financially interested in an enterprise which competes with the Cooperative or one or more of its subsidiaries, is a wholesale, resale, interexchange, interconnection or competitive local exchange service provider or is involved in a joint venture or other business relationship with the Cooperative or one of its subsidiaries or a business engaged in selling telephone supplies, or constructing or maintaining telephone facilities;
- (c) Is a full-time resident of or maintains his or her primary place of employment in the district from which that member is elected; and
- (d) Is not an employee of the Cooperative.

A non-natural member may designate an authorized representative to sit on the Board if the entity maintains a place of business in the district to be represented, which is regularly open for business on a year-round basis. The seat on the Board shall be considered held by the entity which shall have a right to replace its representative so long as the entity and the representative meets the requirements of this section.

In order to qualify for and remain on the Board, each Board member must spend at least 15 days each month, with the exception of regular vacations, within the district from which the member was elected. Notwithstanding the terms of this subparagraph, upon request made to and approved by a majority of the Board, a Board member may temporarily move outside a district of the Cooperative, if such a move is required for employment, medical or other personal reasons.

No Board member may miss any part of two consecutive Board meetings, or 50% or more of all Board meetings in any calendar year of his or her term of office, without the express consent of the President and for good cause shown. Upon establishment of the fact that a Board member is holding office in violation of any of the provisions of these bylaws, the President shall advise the member in writing that he intends to ask the Board of Directors to remove the member at the next Board meeting. The notice shall advise the member of the date, time and place of the meeting. The Board member shall have an opportunity to appear at the meeting to be heard in person to explain his or her residence or employment status or absences. The member shall appear at his or her own expense which shall not be reimbursed unless the member remains on the Board. A resolution removing a Board member must be passed by a majority of all members of the Board. Any vacancy created by such removal shall be filled as provided in Article IV, Section 6.

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

#### SECTION 4. Nominations and Elections.

(a) Prior to any meeting of the members at which Board members are to be elected, the Board may review the composition of the districts and, if it should be found that inequities in representation have developed which can be corrected by a redelineation of districts, the Board may reconstitute the districts to reduce inequities.

(b) Not less than one hundred twenty (120) days before the start of the annual district meetings it shall be the duty of the Board to appoint a nominating committee consisting of one member

from each district for which a seat is to be filled. No member of the Board may serve on such committee. The committee shall nominate two (2) members for each Board seat to be filled. A committee member may not be nominated by the committee for an open seat, but may be nominated by petition. The committee shall report such nominations to the Board not less than sixty (60) days before the annual meetings. Nominations by the committee shall be posted at the principal office of the Cooperative at least fifteen (15) days before the annual meetings. In addition, the nominations shall be posted in one public place within each district. Up to two additional nominations may be made by petition of fifteen (15) or more members which must be received at least forty-five (45) days prior to the start of the annual member meetings in order to appear on the official ballot. The total number of nominees for any open Board seat may not exceed four. Nominations by proper petition will be accepted in the order in which they arrive until the maximum number of nominees for a given seat is reached.

(c) Elections. All Board members shall be elected in the following manner:

(1) Each member in attendance at the annual meeting in his, her or its district shall be entitled to one (1) vote. A member may only vote in the district in which the member maintains his, her or its primary residence or principal place of business.

(2) A chairman and a secretary for each meeting may be furnished by the Cooperative or selected by the members present. The Secretary shall record the proceedings of said meeting and shall certify them to the Board.

(3) Only the members of the district in which a seat on the Board of Directors is open may vote for the candidates for such seat. The candidate receiving the highest number of votes cast by the members voting at such district meeting shall, by certification of the election supervisor, be the elected Board member.

(4) The candidate receiving the highest number of votes cast shall take office and assume the duties and responsibilities thereof at the first meeting of the Board, whether special or regular, after his or her election.

(5) Should a Board member move his or her place of residence from the district in which he or she was elected, a vacancy shall be declared by the Board and the unexpired term shall be filled as provided in Section 6 of Article IV.

(d) Elections and Election Committee.

(1) At the same time as the appointment of the nominating committee, the Board of Directors shall also appoint an election committee consisting of an election judge, who shall chair the committee, and not more than two assistants. This committee shall oversee all elections. The election committee shall devise such procedures and adopt such rules and regulations, subject to the approval of the Board, as may be reasonably necessary or convenient to the discharge of its responsibilities which shall include (a) the registration of members at the annual or special meeting and (b) insuring the fairness, impartiality, confidentiality and integrity of the voting process. The election judge and assistants shall be selected from among the Board members not up for election during the upcoming member meetings.

(2) The election committee shall oversee the preparation of official ballots containing the names of the candidates for each office of director by listing them in alphabetical order. The ballots shall also list any proposed changes to the bylaws submitted to the members for their approval.

(3) An election supervisor may be furnished by the Cooperative or selected by the members present. The election supervisor shall make proper arrangements to secure all ballots before, during and following the election. Marked ballots shall be counted as soon after the close of balloting in each district as may be reasonable under the circumstances and the results thereof will be announced. The results of balloting for bylaw amendments shall be announced at the conclusion of all member

meetings. Marked ballots will be retained and secured for a period of ninety days following the election, after which time they may be destroyed.

(4) The decision of the election supervisor shall be conclusive with respect to the eligibility of any person to vote, the validity of any ballot cast or any other member election challenge.

(5) Any error or omission in giving of any notice or the holding of any meeting shall not affect the validity of the election of any Board member or the approval of any bylaw amendment.

SECTION 5. Removal of Board Member by Members. Any member may bring charges against a Board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten percent (10%) of all members or two hundred (200), whichever is the lesser, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten (10) days prior to the member meetings 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 to the charges; and the person or persons bringing the charges shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meetings of the members and any vacancy created by such removal shall immediately be filled at the next Board meeting as provided in Section 6 below.

SECTION 6. Vacancies. A vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining Board members for the unexpired portion of the term or until the next annual meeting, whichever occurs first. At such annual meeting, the unexpired balance, if any, of the term remaining after such vacancy shall be filled by election.

SECTION 7. Compensation. Board members shall not receive a salary for their services. No Board member shall receive compensation for serving the Cooperative in any other capacity, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board or the service by the member shall have been certified by the Board after the fact as an emergency measure. Board members may be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business. The Cooperative shall arrange and pay for airfare, hotel and ground transportation expenses and registration fees for Cooperative meetings and other approved activities. Board members may be reimbursed for (a) expenses actually and necessarily incurred when such arrangements have to be charged or supplemented for reasons beyond the director's control; and (b) reasonable rental car or taxi costs. Each Director will receive compensation for meals at the daily rate set by the United States General Services Administration for attendance at Board meetings or approved activities. Each Director shall also receive Four Hundred Dollars (\$400) per day for each regular or special Board meeting when the Director attends the meeting for more than four hours; Two Hundred Fifty Dollars (\$250) per day for each regular or special Board meeting when the Director attends the meeting for four hours or less; Two Hundred Fifty Dollars (\$250) per day when the Director attends a committee meeting; Three Hundred Dollars (\$300) per day for travel days when the Director is in transit to and from each meeting or approved activity; One Hundred Dollars (\$100) per day when a Director attends a regular or special Board meeting for less than one hour. Each Board member shall be entitled to select either a consumer mid-range cellular telephone service or a consumer mid-range internet service plan to support Cooperative activities. Each Board member may also take a spouse or partner to one Cooperative approved event per year at the Cooperative's expense as provided above. A Board member shall be required to reimburse the Cooperative for expenses incurred or advanced for meetings or activities in which the Board member does not participate.

## ARTICLE V. MEETINGS OF BOARD

SECTION 1. Regular Meetings. Regular meetings of the Board shall be held quarterly at the headquarters of the Cooperative, or within one of the districts served by the Cooperative, at such time as may be designated by the General Manager or the Board by resolution.



SECTION 2. Special Meetings. Special meetings of the Board may be called by the President or by any five (5) Board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as herein provided. The President or Board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Special Board Meetings. Written notice of the time, place, and purpose of any special meeting of the Board shall be delivered to each Board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or one of the Board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 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 Board members of the time and place of such adjourned meeting. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws.

SECTION 5. Membership Attendance.

- (a) Regular meetings, special meetings and work sessions shall be open to all Cooperative members.
- (b) No closed or executive sessions shall be held except to discuss:
  - (1) Matters the immediate knowledge of which would have an adverse effect on the Cooperative's finances;
  - (2) Subjects that tend to prejudice the reputation and character of a person; however, that person may request a public discussion; or
  - (3) Matters discussed with an attorney for the Cooperative, the immediate knowledge of which could have an adverse effect on the Cooperative's legal position.

SECTION 6. Minutes. Minutes shall be kept for all regular and special meetings. Voting shall be conducted in such a manner that the members may know the vote of each Board member. All voting shall be by a voice vote unless a Board member or Cooperative member requests a vote by a showing of hands or otherwise. Copies of the minutes shall promptly be given to Cooperative members upon request. The Board may prescribe a reasonable fee for such copies, provided such fee shall not exceed the estimated labor and material costs of reproducing the minutes.

ARTICLE VI.  
OFFICERS

SECTION 1. Number. The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person. The President, Vice President, Secretary and Treasurer shall at all times be members of the Board of Directors.

SECTION 2. Election and Term of Office. The officers shall be elected annually by the Board at the meeting held immediately after the annual meetings of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the

members, or until his or her successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the 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 two hundred (200), 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 10 (ten) 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. In the event the Board does not remove such officer, the question of his or her removal may be considered and voted upon at the next meeting of the members. Termination shall not prejudice any rights the officer may have by virtue of a written contract of employment.

SECTION 4. President. The President shall:

(a) Be the principal executive officer of the Cooperative and shall preside at all meetings of the Board;

(b) Designate who shall sign 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 officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

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

SECTION 5. Vice President. In the absence of the President, or in the event of his or her 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 by the Board.

SECTION 6. Secretary. The Secretary shall be responsible for:

(a) Keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;

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

(c) The safekeeping of the corporate books and records 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;

(d) Keeping a register of the names and addresses of all members;

(e) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the member, furnishing a copy of the Bylaws and of all amendments thereto to each member; and

(f) In general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) 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; and
- (c) The general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

SECTION 8. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as may be assigned by the Board.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded 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 be bonded in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties, and compensation of officers, agents, and employees shall be fixed by the Board, subject to the provisions of these Bylaws with respect to compensation for a Board member.

SECTION 11. 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. NON-PROFIT OPERATION

SECTION 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 and patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members or patrons. In determining the Cooperative's cost of service, a reasonable amount shall be included for accumulating capital for expansion and modernization.

SECTION 2. Patronage Capital in Connection with Furnishing Telephone and Other Communication and Cooperative Services. Only retail services provided to the public by the Cooperative, or a wholly owned subsidiary of the Cooperative, purchased by the member or patron for the member or patron's use as an end user, qualify as patronage. The purchase of exchange access, interconnection or services for resale to others, shall not qualify for patronage and shall not be considered "telephone and other communications and Cooperative services" for purposes of patronage capital allocations. In the furnishing of telephone and other communication and Cooperative services, the Cooperative's operations shall be so conducted that all members and patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members and patrons for all amounts received and receivable from the furnishing of telephone and other communication services in excess of operating costs and expenses properly chargeable against the furnishing of telephone and other communication 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 members and patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each member and patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member and patron is clearly reflected and credited in

an appropriate record to the capital account of each member and patron and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member and patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any member and patron shall have the same status as though they had been paid to the member or patron in cash in pursuance of a legal obligation to do so and the member or patron had then furnished the Cooperative corresponding amounts for capital.

All non-operating margins derived from furnishing goods and services other than telecommunications services, shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year. In the discretion of the Board of Directors, unclaimed patronage capital credits and non-operating margins shall be either:

(a) Allocated to members based on the member's annual patronage in the year of allocation and any amount so allocated shall be included as part of the capital allocated to the accounts of the various classes of members in the manner provided herein; or

(b) Used to establish and maintain a permanent reserve not assignable to members prior to dissolution of the Cooperative.

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 credited to members' and patrons' accounts may be retired in full, in part, or on a discounted basis. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

In the event the Cooperative is unable to locate a member or patron after exercising diligent efforts to do so, the Board of Directors, in its discretion, subject to compliance with Alaska law, may either allocate the missing member's unclaimed distribution to the permanent reserve, or among the then existing members as provided above. Upon such allocation, the missing member or patron shall have no further rights in or to the reallocated distribution.

Capital credited to the account of each member and patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy to all or part of such member's or patron's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power upon the death of any member or patron, if the legal representatives of his estate shall request in writing that the capital credited to such member or patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to such member or patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such member's or patron's estate shall agree; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

When a member or patron is a corporation, political body, society, fraternity, or other legal entity that dissolves, disorganizes or otherwise ceases to exist, upon the submission of appropriate proof that the entity no longer exists, the Board of Directors may, in its discretion, retire the capital credits in the same manner as and subject to the same conditions as those of a member or patron that is a natural person who dies. Entities that are traded, sold, or reorganized shall not have their capital credits retired ahead of other members or patrons, but may assign capital credits to successors in interest.

Upon the termination of the membership of any member or service of any patron with a capital credit balance of Twenty Five Dollars (\$25.00) or less, the Board of Directors may, in its discretion, return the credits in such member's or patron's patronage capital account upon such terms and conditions as the Board acting under policies of general appreciation, shall determine.

In the event of dissolution or liquidation of the Cooperative, after paying or discharging or adequately providing for the payment or discharge of all its debts, obligations, and liabilities, other than those to members arising by reason of their patronage, the directors shall distribute remaining sums, first, to members and patrons for the pro rata return of all amounts standing to their credit by reason of their patronage and, second, to members and patrons for the pro rata repayment of membership fees. Sums then remaining shall be distributed among the Cooperative's members and former members in proportion to their patronage, except to the extent participation in the distribution has been legally waived.

The members and 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 between the Cooperative and each member and patron, and both the Cooperative and the members and patrons are bound by such contract, as fully as though each member and patron had individually signed a separate instrument containing such terms and provisions. It is provided further that amendments of the bylaws duly approved by the members shall be automatically deemed incorporated in all outstanding member and patrons agreements.

#### ARTICLE VIII. DISPOSITION OF PROPERTY

The Cooperative may not sell, lease, or otherwise dispose of more than fifteen (15%) percent of the Cooperative's total assets, less depreciation, as reflected on the books of the Cooperative at the time of the transaction unless such sale, lease, or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative voting on the transaction, if the number of members voting to approve it constitutes a majority of all of the members of the Cooperative, and unless the notice of such proposed sale, lease, or other disposition shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage, or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative; provided further that the Board may upon the authorization of a majority of those members of the Cooperative present at a meeting in which at least ten (10%) percent of the members thereof vote, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or the state if the sale complies with the terms of AS § 10.25.400(d).

#### ARTICLE IX. SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal."

#### ARTICLE X. FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or agent 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.

SECTION 2. Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or agent or employee of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. Deposits. All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

SECTION 4. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first of December of the same year.

## ARTICLE XI. MISCELLANEOUS

SECTION 1. Teleconference Meetings. Any member or Board meeting, otherwise properly convened, may be held through the use of teleconference facilities. The teleconference facilities shall be set up in such a manner that all meeting participants shall be able to hear each other clearly and otherwise participate in all matters brought before the meeting. Management of the Cooperative shall take steps to insure that all meeting participants are properly qualified to participate. Management shall also take steps to see that proper meeting minutes are kept.

SECTION 2. Waiver of Notice. Any member or Board member may waive in writing, either before or after a meeting, any notice of a meeting required to be given by these Bylaws. The attendance of a member or Board member at any meeting shall constitute a waiver of notice of such meeting by such member or Board member, except where a member or Board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Policies, Rules, and Regulations. The Board shall have power to make and adopt such policies, rules, and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utility Service of the United States of America. The Board shall also cause to be made by a certified public accountant a full and complete annual audit of the accounts, books, and financial condition of the Cooperative. The results of such audit shall be reported to the members at the next annual meeting.

SECTION 5. Area Coverage. The Board shall make diligent effort to see that telephone service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 6. Membership in Other Organizations. The Cooperative may own, invest in, or become a member of any other organization, corporation, limited liability company, partnership, joint venture or other business, provided the Board of Directors finds that doing so is in the best interest of the Cooperative.

SECTION 7. Liability, Indemnification and Insurance.

- (a) A director, officer, employee, or agent of the Cooperative is not individually liable for conduct performed within the scope of the person's duties for the Cooperative. However, the person may be held individually liable for conduct if it was not reasonable for the person to believe that the conduct was in, or not contrary to, the best interests of the Cooperative.
- (b) The Cooperative shall indemnify a director, officer, employee, or agent of the Cooperative who is or may be made a party to a contested matter against expenses actually and reasonably incurred in connection with the contested matter. However, the Cooperative may not indemnify the director, officer, employee, or agent of the Cooperative if the person did not reasonably believe the conduct to be in, or not opposed to, the best interests of the Cooperative. With respect to a criminal action or proceeding, the Cooperative shall

indemnify the person unless the person had reasonable cause to believe that the conduct was unlawful.

- (c) The Cooperative may purchase and maintain insurance on behalf of a director, officer, employee, or agent of the Cooperative against liability asserted against the person and incurred in an official capacity or arising out of the person's status, whether or not the Cooperative would have the power to indemnify the person against the liability under this section.
- (d) In this section
  - i. "conduct" includes action, inaction, and omission;
  - ii. "contested matter" means a proposed, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative;
  - iii. "expenses" include attorney fees, judgments, fines, and amounts paid in settlement.

## ARTICLE XII. AMENDMENTS

These Bylaws may be altered, amended, or replaced by a majority of the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alterations, amendment, or repeal.