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## ARTICLE I – MEMBERSHIP

**SECTION 1. REQUIREMENTS FOR MEMBERSHIP.** Any person, association, corporation, limited liability company, partnership, limited liability partnership, political body, or other legal entity, may become a member of Northwest Communications Cooperative (hereinafter called the “Cooperative”) by subscribing to local exchange telephone service or wireline broadband service offered by the Cooperative upon such terms as the Board may, or the By-Laws shall, from time to time prescribe. Membership may not be transferred except as herein provided. (Revised 05-30-2018)

### **SECTION 2. JOINT AND MULTIPLE MEMBERSHIP.**

- (a) The term “member” as used in these By-Laws, shall include a spouse and may also include two or more persons living in the same household and who may designate to the Cooperative in writing that they are receiving service as joint members. Provisions in the Articles of Incorporation and these By-Laws and the statutes of North Dakota relating to the rights and liabilities of membership shall apply equally with respect to joint or multiple membership. (Revised 05-30-2018)
  
- (b) Joint and multiple membership shall for all purposes be considered as one “member.” The following shall apply to joint/multiple members:
  - (1) joint/multiple members shall be entitled to only one vote, one notice and one right to petition;
  - (2) a waiver of notice signed by one shall constitute a waiver by all;
  - (3) notice to one shall constitute notice to all;
  - (4) the vote of one shall constitute the vote of all;
  - (5) expulsion of one may constitute expulsion of all;
  - (6) withdrawal of one may terminate the membership; and
  - (7) only one may be elected or appointed as an Officer or Director.

(Revised 07-28-2021)

**SECTION 3. CONVERSION OF MEMBERSHIP.** Unless otherwise required by these Bylaws, written legal agreement, or court order, upon the death, dissolution, withdrawal, or expulsion of a joint or multiple member, the membership and the capital credits arising therefrom shall, on the records of the Cooperative, continue with the surviving/remaining joint or multiple member(s), with capital credits being allocated in proportion to their pro rata share.

(Revised 07-28-2021)

**SECTION 4. PAYMENTS FOR SERVICE.** When due and payable, each member shall pay for services received, the pricing of which shall, from time to time, be fixed by the Board. It is expressly understood that amounts paid by members in excess of the operating costs of telecommunications, communications and information services are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws.

(Revised 02-23-2022)

**SECTION 5. MEMBERSHIP RECORD.** The Cooperative shall maintain a membership record.

(Revised 05-28-1997)

## **ARTICLE II - RIGHTS AND LIABILITIES OF MEMBERS**

**SECTION 1. PROPERTY INTEREST OF MEMBERS.** Upon dissolution or liquidation, the assets of the Cooperative shall be distributed as provided in the Articles of Incorporation. (Revised 05-28-1997)

**SECTION 2. NON-LIABILITY 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 3. COOPERATION OF MEMBERS.** 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 communication/information 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 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. (Revised 05-30-2018)

**SECTION 4. SERVICE OBLIGATIONS.** The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member. (Added 05-30-2007)

## **ARTICLE III - MEETINGS OF THE MEMBERS**

**SECTION 1. ANNUAL MEETING.** The annual meeting of the members shall be held on the call of the Board of Directors at such time and place in the territory in which the Cooperative operates, as designated by the Board in the notice of the meeting. The annual meeting shall be for the purpose of electing Directors, passing upon reports of 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. (Revised 05-30-2018)

**SECTION 2. SPECIAL MEETINGS.** Special meetings of the members may be called by resolution of the Board of Directors, or by the President, or upon a written request signed by any three (3) Directors, or by not less than four hundred (400) members or ten percent (10%) of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. All special meetings of the members shall be held at Ray, North Dakota. (Revised 05-28-1997)

**SECTION 3. NOTICE OF MEMBERS' MEETINGS.** Written notice stating the place, day and hour of the meeting, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting. 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 included in the written notice. Notice shall be given personally, via electronic mail or by mail. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative, with postage thereon prepaid. The incidental or unintentional 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. (Revised 07-29-2020)

**SECTION 4. ADJOURNMENT, POSTPONEMENT OR CANCELLATION OF A MEETING OF THE MEMBERS.** In the event of inclement weather or the occurrence of a catastrophic event, the meeting of members may be adjourned, postponed or cancelled by the President, Vice President or Board of Directors; provided, however, that cancellation shall require the approval of the Board of Directors. In the event of postponement or cancellation, notice shall be given personally, via electronic mail or by mail. Notice of an adjourned meeting shall be given in any media of general circulation or broadcast serving the area. (Revised 07-29-2020)

**SECTION 5. QUORUM.** A quorum at any meeting of the members shall be ten percent (10%) of the first one hundred (100) members, plus five percent (5%) of additional members present in person. In no event, however, shall more than fifty (50) members be required at any meeting of the members to constitute a quorum. At all meetings of the members, the secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person. (Revised 08-27-2003)

**SECTION 6. VOTING.** Each membership shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All issues shall be governed according to Robert's Rules of Order unless otherwise specified by these By-Laws, the Articles of Incorporation, or by law. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote. No natural person may cast more than one (1) vote on any issue. (Revised 08-27-2003)

**SECTION 7. PROXY VOTING.** No member shall give or receive a proxy to vote, nor shall any vote be cast by proxy, nor shall cumulative voting be permitted. (Revised 03-30-1994)

**SECTION 8. ORDER OF BUSINESS.** The Order of Business at the Annual Meeting of Members and, so far as possible, at all other meetings of the Members, shall be established by a policy adopted by the Board of Directors and on file in the office of the Cooperative. (Revised 08-27-2003)

**SECTION 9. CREDENTIALS AND ELECTION COMMITTEE.** When necessary, the president shall appoint from the members present a Credentials and Election Committee, consisting of three members. These members shall not be close relatives or members of the same household of existing Directors or known candidates to be elected at such meeting. The Assistant Secretary of Northwest Communications Cooperative shall be an ex officio

member of the credentials and election committee. In all committee meetings, the ex officio member shall have a voice but not a vote. When requested by the Chairperson of the meeting, the Committee shall pass on all challenges with respect to the qualification of members present and quorum requirements. The Committee shall oversee the tally of ballots cast for the election of Directors or any other ballot vote taken and rule on the validity of ballots. The Committee's decision shall be final. (Revised 05-30-2018)

## ARTICLE IV - DIRECTORS

**SECTION 1. GENERAL POWERS.** The business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors who shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these By-Laws, conferred upon or reserved to the members. (Revised Effective 05-31-2023)

**SECTION 2. ELECTION AND TENURE OF OFFICE.** Directors shall be elected at each annual meeting by and from the members to serve a three (3) year term except as hereinafter provided or until their successors shall have been elected or appointed. The terms of the Directors shall be staggered to ensure continuity. If an election of the Directors shall not be held on the day designated herein for the annual meeting, a special meeting of the members may be held for the purpose of electing Directors at a reasonable time thereafter. Directors shall be nominated and elected as provided hereafter. (Revised 05-31-2023)

**SECTION 3. GEOGRAPHIC DISTRICTS.** The Cooperative is divided into seven (7) geographic districts, and from each shall be elected one Director to the Board. Members shall be eligible to vote for a nominee from each district. The geographic districts are set forth as follows:

District No. 1 - Marmon, Round Prairie and Grenora service area

District No. 2 - Ray and Epping service area

District No. 3 - Wildrose, McGregor, Noonan and Alamo service area

District No. 4 - Flaxton, Lignite, Bowbells and Portal service area

District No. 5 - Powers Lake and Columbus service area

District No. 6 - Tioga service area

District No. 7 - Crosby service area (Revised Effective 05-31-2023)

### **SECTION 4. QUALIFICATIONS TO BE NOMINATED AND SERVE AS A DIRECTOR.**

- (a) A person is eligible to be nominated and elected and to serve as a Director of the Cooperative, provided that he or she: (Revised 4-28-2010)
- (1) is a member who resides in the geographic area from which he or she is elected, and has resided there for more than 240 days during the last twelve (12) month period; (Revised 4-28-2010)
  - (2) is a member who is not, and for the past three years has not been: a regular employee of the Cooperative or in any way financially interested in a competing enterprise/business engaged in selling communication services, communication supplies or maintaining communication facilities; Revised 05-25-2022)

- (3) is a member who is not closely related to an incumbent Director or an employee of the Cooperative. As used in these By-Laws, "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, grandchild, parent, grandparent, brother or sister, by blood or in-law, of the principal. (Revised 05-25-2022)
- (b) To remain a member of the Board, a Director must attend two-thirds (2/3) or more of the regular Board meetings during each twelve (12) month period beginning with the month of his or her election. (Revised 4-28-2010)
- (c) 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. (Revised 4-28-2010)
- (d) Nothing contained in this section shall affect, in any manner whatsoever, the validity of any action taken at any meeting of the Board. (Revised 4-28-2010)

## **SECTION 5. NOMINATION AND ELECTION OF DIRECTORS.**

### **(a) NOMINATION BY PETITION:**

- (1) Each candidate for the office of Director shall, not less than forty five (45) days and not more than one hundred twenty (120) days before the annual meeting of members, or any other meeting of members at which Directors are to be elected, present to the Secretary of the Cooperative, at the offices of the Cooperative at Ray, North Dakota, a nominating petition in which the member declares his or her candidacy and provides the physical address of his or her residence and the number of the Director district in which he or she resides. (Revised 05-25-2022)
- (2) The Secretary, on request, shall provide any member of the Cooperative a prepared form of the nominating petition. Each candidate must be a member and must possess the qualifications for a Director specified in these By-laws. In addition to the requirements of subsection (1), the nominating petition shall contain the names and signatures of not less than fifteen (15) members who support the candidacy and reside in the district from which the vacancy is to be filled. Each signature must be accompanied by the date of the signature. A member may sign only one petition for each position. The Secretary of the Cooperative shall verify the eligibility of the candidate and qualifications of each of the petitioners. (Revised 4-28-2010)
- (3) It shall be the duty of the Secretary of the Cooperative, at least twenty (20) days before the annual meeting, to certify to the Board of Directors the names of the members so nominated by petition and the district they propose to represent.
- (4) In the event at least one nomination is not received for each vacancy, the Board of Directors of the Cooperative shall nominate one or more persons to fill each vacancy.

- (5) At least thirty (30) days before the meeting, the Secretary shall prepare and post at the principal office of the Cooperative a certificate of nominations made in compliance with these By-Laws. Any vacancy occurring following certification which would leave any Director's position without any nominee shall be filled by the members of the Board of Directors.
- (6) The Secretary shall include in the notice of the meeting or separately, but at least ten (10) days before the date of the meeting, a notice of the Directors to be elected, and the district of their residence. The names and addresses of the candidates nominated by petition or the Board of Directors, as provided herein, shall be arranged by district. This notice shall be mailed to the members by the Secretary by first class mail.
- (7) Notwithstanding anything herein contained, failure to comply with any of the provisions of this subsection shall not affect in any manner whatsoever, the validity of any election of Directors. (Revised 4-28-2010)

(b) ELECTION OF DIRECTORS:

- (1) Contested elections of Directors shall be by printed or electronic ballot. The ballot shall list the names of the candidates nominated by petition or by the Board; such names shall be arranged by districts. (Revised 05-27-2015)
- (2) Each member of the Cooperative present in person, or as provided herein, shall be entitled to vote for one (1) candidate from each district from which a Director is to be elected or on any issue before the meeting. The candidate from each district from which a Director is to be elected receiving the majority of votes cast for that office at such meeting shall be declared elected as a Director. On any ballot cast in which the stated majority is not received, there shall be an additional ballot which shall contain only the two candidates receiving the highest number of votes. In the event of a tie, it shall be broken by the Chairperson of the meeting flipping a coin. (Revised 05-31-2023)

**SECTION 6. REMOVAL OF DIRECTORS BY MEMBERS.** A Director may be removed for gross or willful negligence or gross or willful misconduct by a vote of two-thirds (2/3) of the members present at the special meeting, held after notice of the time and place thereof, and of the intention to propose such removal. Special meeting of members for this purpose may be called by the President by a majority of the Directors or on petition of 20% of the members. Such calls for a meeting to remove Directors must be in writing and addressed to the Secretary who thereupon must give notice of the time, place and object of the meeting in accordance with these By-Laws and by whose order it is called. In case of removal, the vacancy shall be filled by election at a subsequent meeting of members in compliance with section 5 of this Article. (Revised 05-25-2022)

**SECTION 7. VACANCIES.** Subject to the provisions of these By-Laws with respect to the filling of vacancies caused by the removal of Directors, a vacancy occurring in the Board shall be filled for the unexpired portion of the term by the affirmative vote of a majority of



the remaining Directors; provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill the vacancy at a meeting of the members in compliance with section 5 of this Article.

(Revised 04-28-2010)

**SECTION 8. COMPENSATION.** Directors will be allowed compensation for services rendered and reimbursement for expenses necessarily incurred while in performance of duties upon submission of a voucher to the Board for its approval. (Revised 05-25-2022)

**SECTION 9. INDEMNIFICATION OF DIRECTORS AND OFFICERS.**

- (a) Each Director and Officer of the Cooperative, now or hereafter serving as such, shall be indemnified by the Cooperative against any and all claims and liabilities to which he or she has become subject by reason of serving or having served as such Director or Officer, or by reason of any action alleged to have been taken, omitted, or neglected by him or her as such Director or Officer. The Cooperative shall reimburse such person for all legal and other expenses reasonably incurred by him or her in connection with any such claim or liability, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability arising out of his or her own willful misconduct or gross negligence. Except as otherwise provided, the Cooperative hereby adopts and incorporates by reference those provisions of indemnification authorized by Section 10-19.1-91 & 10-15-03(10) of the North Dakota Century Code. (Revised 05-31-2023)
- (b) Moreover, the Cooperative shall have power to purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Cooperative against any liability asserted against him or her and incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the Cooperative would have authority to indemnify him or her against the liability under the provisions of these By-Laws or under law. (Revised 08-29-2018)

**ARTICLE V - MEETINGS OF DIRECTORS**

**SECTION 1. BOARD MEETINGS.** The reorganizational meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. The regular meetings of the Board may also be held monthly at such time and place in the State of North Dakota as the Board may provide by resolution. Each regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. The Board shall hold at least ten (10) regular monthly meetings each year. (Revised 09-26-2018)

**SECTION 2. SPECIAL MEETINGS.** Special meetings of the Board may be called by the President or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meeting.

**SECTION 3. ATTENDANCE BY MEANS OF COMMUNICATIONS MEDIA.** Regular or special meetings may be conducted through the use of conference telephone or other

communications equipment by means of which all persons participating in the meeting can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating. (Added 05-30-2007)

**SECTION 4. NOTICE OF SPECIAL DIRECTORS' MEETING.** Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Director not less than five (5) days prior thereto, by mail, by the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Directors calling the meeting. Notice may also be given on forty-eight (48) hours' notice if in person or by electronic transmission. If mailed, such notice shall be deemed to be delivered when deposited with postage paid thereon in the United States mail, addressed to the Director at his address as it appears on the records of the Cooperative. (Revised 09-26-2018)

**SECTION 5. QUORUM.** A majority of the Board shall constitute a quorum; provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

**SECTION 6. 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 Directors is obtained in writing, the writing sets forth the action taken in detail, and is signed by all Directors entitled to vote. (Added 05-30-2007)

## ARTICLE VI – OFFICERS

**SECTION 1. TITLES.** The Officers of the Cooperative shall be President, Vice-President, Secretary/Treasurer, and such other Officers as may be determined by the Board from time to time. (Revised 07-31-2019)

**SECTION 2. ELECTION AND TERM OF OFFICE.** The Officers shall be elected annually by the Board at its Organizational Meeting. 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 his successor shall have been elected and shall have qualified. (Revised 07-31-2019)

**SECTION 3. REMOVAL OF OFFICERS AND AGENTS BY DIRECTORS.** 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. (Revised 09-26-2018)

**SECTION 4. PRESIDENT.** The President shall:

- (a) Preside at all meetings of the members and the Board;
- (b) Execute such documents as directed by the Articles of Incorporation, these By-Laws, the governing statutes or as directed by the Board; and

- (c) 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. (Revised 09-26-2018)

**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 then so acting, shall have all the powers of and be subject to all restrictions upon the President. The Vice-President shall also perform such other duties as, from time to time, may be assigned him or her by the Board. (Revised 07-31-2019)

**SECTION 6. SECRETARY/TREASURER.** The Secretary/Treasurer shall:

- (a) Keep the minutes of the meeting of members and of the Board in electronic storage or one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) Be custodian of the seal of the Cooperative and affix the seal of the Cooperative, when required, on all documents, the execution of which, on behalf of the Cooperative under seal, is duly authorized in accordance with the provisions of these By-Laws;
- (d) Sign, with the President, all other documents authorized by the Board or the members;
- (e) Keep on file at all times: a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereto and, at the expense of the Cooperative, make available a copy of the By-Laws and all amendments thereto to each member;
- (f) Be responsible for the custody of all funds and securities of the Cooperative;
- (g) Be responsible for the receipt and 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 financial institutions as shall be selected in accordance with the provision of these bylaws; and
- (h) In general, perform all duties incident to the office of Secretary/Treasurer and such other duties as from time to time may be assigned to him or her by the Board, provided, however, that the Secretary/Treasurer shall have authority, with the approval of the Board, to delegate to the general manager/chief executive officer the authority to appoint employees of the Cooperative to carry out the duties set forth in this Section, provided that the Secretary/Treasurer shall remain responsible for their proper execution. (Revised 07-31-2019)

**SECTION 7. GENERAL MANAGER/CHIEF EXECUTIVE OFFICER.** The Board shall appoint a general manager/chief executive officer (GM/CEO) who may be, but shall not

be required to be, a member of the Cooperative. The GM/CEO shall perform such duties and shall exercise such authority as the Board may, from time to time, vest in him or her.

(Revised 07-31-2019)

**SECTION 8. BONDS OF OFFICERS.** Any 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 officer, agent or employee of the Cooperative to be bonded in such amount and with surety as it shall determine. The cost of all such bonds shall be borne by the Cooperative.

(Revised 07-31-2019)

**SECTION 9. COMPENSATION.** The powers, duties and compensation of Officers, agents and employees shall be fixed or ratified by the Board.

(Revised 07-31-2019)

**SECTION 10. REPORTS.** The President and GM/CEO of the Cooperative shall submit at each annual meeting of the members, reports covering 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. The GM/CEO shall submit a quarterly report to the Board of Directors.

(Revised 07-31-2019)

## **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. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

(Revised 05-30-2007)

**SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING TELECOMMUNICATIONS, COMMUNICATIONS AND INFORMATION SERVICES.** In the furnishing of telecommunications, communications and information services, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. Purchases of the Cooperative's services at wholesale, or otherwise for resale shall not be eligible for patronage credits with respect to such services. In order to induce patronage and to insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of telecommunications, communications 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 for telecommunications, communications and information services at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. The allocation of capital credits may be based upon the members' participation in particular services provided by the Cooperative.

(Revised 05-30-2007)

**SECTION 3. ALLOCATION OF CAPITAL CREDITS.** The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating

costs and expenses derived from telecommunications, communications and information services the Cooperative directly provides to its members. The books and records of the Cooperative shall be established and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by the member for telecommunications, communications and information services is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each member of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital. At all times while the Cooperative is in possession of the capital credits of its members, the Cooperative shall have a lien on and a continuing possessory, perfected security interest in said capital credits and shall be entitled to the right of setoff. (Revised 04-28-2021)

**SECTION 4. NONOPERATING MARGINS.** All nonoperating margins derived from investments or furnishing goods and services other than telecommunications, communications and information services the Cooperative provides directly to its members, shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year and, to the extent not needed for that purpose, either:

- (a) Allocated to the members on a patronage basis and included as part of the capital to be allocated to the accounts of the members in an equitable manner as approved by the Board, or
- (b) Used to establish and maintain a nonoperating margin reserve not assignable to members prior to dissolution of the Cooperative. (Revised 05-27-2020)

**SECTION 5. RETIREMENT OF CAPITAL CREDITS.** 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 members' accounts may be retired in full or in part. All allocations and retirements of capital shall be on an equitable basis, to be determined at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution. There shall be a minimum payment amount, to be determined at the discretion of the Board of Directors. If the amount of a projected retirement is less than the minimum payment amount determined by the Board, the full amount of that projected retirement shall remain on the account of a member until such time the retirement-eligible cumulative credits in the member's account meet a future retirement's applicable minimum payment threshold; provided, however, that the minimum payment limitation need not apply where the payment represents all remaining credits allocated to a former member. Any retirement shall be subject to any existing indebtedness which shall be satisfied before payment is made to any member, assignee or heir by deducting the indebtedness owed by a member from the capital allocated to said member. (Revised 05-26-2021)

**SECTION 6. RETIREMENT OF CAPITAL CREDITS AND OTHER ASSETS ON DISSOLUTION OR LIQUIDATION.** In the event of dissolution or liquidation of the Cooperative, all assets shall be distributed as provided in the Articles of Incorporation.

**SECTION 7. ASSIGNMENT OF CAPITAL CREDITS.** Unless otherwise dictated by these Bylaws or court order, unretired capital credits shall only be assignable on the books of the Cooperative pursuant to written instruction from the assignor and in such case only to successors in interest or occupancy in all or part of such member's premises served by the Cooperative unless the Board, acting under policies of general application, determines otherwise. (Revised 06-30-2021)

**SECTION 8. DISCRETIONARY EARLY RETIREMENT OF CAPITAL CREDITS- DEATH OR DISSOLUTION.**

- (a) The Board in its discretion, upon the death of a natural person who is a member, may retire the capital credits of that member prior to the time such capital credits would be retired in a general retirement, upon such terms and conditions and under policies of general application, providing that a request is made in writing by an authorized representative of the deceased member, and the financial condition of the Cooperative will not be impaired thereby.
- (b) When the owner of a capital credit is a corporation, political body, society, fraternity, or other legal entity that dissolves, disorganizes, and ceases to exist, upon the submission of legal evidence that the entity no longer exists, the Board in its discretion may retire the capital credits of that member, subject to the same conditions as capital credits of a deceased person. Entities that are traded, sold, or reorganized shall not have their capital credits retired ahead of general retirements and capital credits are assigned in accordance with Section 7, above. (Revised 08-31-2022)

**SECTION 9. ARTICLES OF INCORPORATION AND BY-LAWS CREATE CONTRACT BETWEEN PATRON AND COOPERATIVE.** The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each patron, and 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. (Revised 05-28-1997)

**ARTICLE VIII - DISPOSITION OF PROPERTY**

The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than three-fourths (3/4) of the members of the Cooperative, present and voting, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting. Following such meeting of members after notice as heretofore provided, at which 3/4 of the members present approved the sale, lease or other disposition of all or any substantial portion of its property, before such authorization shall become final, the secretary shall cause a ballot to be prepared and mailed to all of the members of the Cooperative referring the issue of the sale, lease or other disposition of all or any substantial portion of the Cooperative's property to a vote of the members of the Cooperative. The sale, lease or other disposition of all or any substantial portion of the Cooperative's property shall not be ratified unless 75% of all of the members approve the sale, lease or other disposition of all or any substantial portion of its property.

Notwithstanding anything contained herein, the Board, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and incomes therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative including indebtedness to the United States of America or any instrumentality or agency thereof. (Revised 11-19-1989)

## ARTICLE IX - SEAL

The seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon verbiage the same as or similar to the following: "NORTHWEST COMMUNICATIONS COOPERATIVE, COOPERATIVE ASSOCIATION SEAL, STATE OF NORTH DAKOTA." (Revised 10-30-2019)

## ARTICLE X - FINANCIAL TRANSACTIONS

**SECTION 1. CONTRACTS.** Except as otherwise provided in these By-Laws, the Board may authorize one or more officers or agents to enter into any contract and/or to execute and deliver any document in the name and on behalf of the Cooperative. Such authority may be general or confined to specific instances. (Revised 4-28-2010)

**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(s), agent(s), or employee(s) of the Cooperative and in such manner as shall, from time to time, be determined by resolution of the Board. (Revised 4-28-2010)

**SECTION 3. DEPOSITS/INVESTMENTS.** All funds of the Cooperative shall be deposited to the credit of the Cooperative in such institutions as the Board may from time to time select. (Revised 4-28-2010)

### **SECTION 4. OTHER INVESTMENTS.**

- (a) The Cooperative may become a member of, purchase stock in, or otherwise invest in any profit, non-profit or cooperative organization, association, corporation or other entity, when the Board has first found it to be of benefit to the Cooperative and in its best interest.
- (b) On behalf of the Cooperative, the Board may form subsidiary corporations or other commercial organizations, profit, non-profit, or cooperative; and retain, encumber, sell or otherwise dispose of all or any part of the Cooperative's interest in such subsidiary corporations or other organizations. (Revised 4-28-2010)

**SECTION 5. FISCAL YEAR.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the 31st day of December of the same year.

## ARTICLE XI - MISCELLANEOUS

**SECTION 1. WAIVER OF NOTICE.** Any member or Director may waive, in writing, any notice of a meeting required to be given by these By-Laws. 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 2. RULES AND REGULATIONS.** The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation and these By-Laws, as it may deem advisable for the management of any business and affairs of the Cooperative.

**SECTION 3. ACCOUNTING SYSTEM AND REPORTS.** The Board shall cause to be established and maintained a complete accounting system which, is subject to applicable laws and rules and regulations of any regulatory body, shall conform to such account system as may, from time to time, be designated by the Administrator of RUS of the United States of America. The Board shall also, after the close of the fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative, as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next annual meeting. (Revised 04-23-2003)

## ARTICLE XII - AMENDMENTS

These By-Laws may be altered, amended or repealed by a vote of two-thirds (2/3) of the Board at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal. Any such alteration, amendment or repeal shall be certified by a majority of the Directors and the Secretary of the Cooperative and copied in the book of the By-Laws together with the date of such meeting. No such alteration, amendment or repeal shall take effect until so copied. Any By-Laws adopted or amended by the Board shall be reported at the next regular meeting of the members.