AMENDED BYLAWS OF

ST. PAUL COOPERATIVE TELEPHONE ASSOCIATION 2020

 ARTICLE I

NAME

1.1 This cooperative shall be known as ST. PAUL COOPERATIVE TELEPHONE ASSOCIATION (hereinafter referred to as the "Cooperative").

 ARTICLE II

 MEMBERSHIP

* 1. Requirements for Membership. Any person, as that term is used in the Oregon Cooperative Corporation Act, or agency of federal, state or local government, upon receipt of telecommunications and information services, shall be a member of the Cooperative; however, each member shall:
		1. Make an application for membership for the Cooperative's records;
		2. Agree to purchase services from the Cooperative in accordance with established rates, as well as pay other charges for services that the member uses, and the Cooperative is obligated by law or contract to collect;
		3. Membership shall be $20.00 due upon the date of commencement of service. Membership is refundable upon disconnection or suspension of service; however, the Board may provide for suspension of service during periods of temporary absence of a member.
		4. Agree 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.
	2. Membership. No member may hold more than one membership in the Cooperative. All memberships in the Cooperative are extended only to individual persons (natural or corporate) who meet the requirements of Section 2.1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of this current edition of Bylaws, no new joint memberships will be established. Thus, the term "member" as used in these Bylaws shall refer to an individual, but can, on a grandfathered basis, be deemed to include a husband and wife still holding a joint membership, and any provisions relating to the rights and liabilities of a membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:
		1. There shall be but one vote;
		2. Termination of either joint member shall terminate the joint membership, except that on the death of either husband or wife, the survivor shall continue as a member; however, the estate of the deceased shall not be released from any debts due the Cooperative;
		3. Presence at a meeting or waiver of notice of either joint member shall be considered as presence or waiver by the joint membership;
		4. Notice to either joint member shall constitute notice to both;
		5. Either joint member may be eligible as a member of the Board of Directors, but not both at the same time;
		6. Expulsion or withdrawal of a joint member shall terminate the joint membership.
	3. Effect of Membership.
		1. Membership in the Cooperative is affected by:
			1. Agree to purchase telecommunications and information services from the cooperative in accordance with the established rates, terms and conditions, as well as pay other charges for telecommunications services the member uses, and the Cooperative is obligated by law or contract to collect.
			2. Providing a continuing revenue stream for the Cooperative. (The Board will determine under rules of general application the types and amounts of revenue stream or the types and amounts of equity account that give rise to the privileges and obligations of membership.), and
			3. Receiving services within the territorial allocation area approved by the Public Utility Commissioner.
		2. Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunications or information services to members are neither members nor patrons by virtue of division of revenue contracts. "Resellers" shall neither be members nor entitled to capital credits, regardless whether said services are provided to members. As used herein, “Resellers” means, but is not limited to:
			1. Any telecommunications carrier providing telecommunications service obtained by interconnection with the Company' s local exchange network; and
			2. Shared telecommunications service providers.
	4. Purchase of Services. Each person who applies for service shall, as soon a; service is available, take service from the Cooperative. The members shall pay therefor monthly at rates in accordance with either established rates as fixed by the Board, or, for the services rendered by other carriers, at the rate which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that the net savings received by the Cooperative for providing telecommw1ications and informational services to its members in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, the Cooperative is not obligated to furnish such credits for those services which are not billed and collected by contractual arrangements with other carriers, even when such services are partially rendered over the facilities of the Cooperative. Each member also agrees to pay such other amounts as may be owed by him to the Cooperative as and when the same shall become due and payable.
	5. Transferability of Membership. Evidence of membership shall be in such form, including but not limited to a receipt for payment of the membership fee, as the Board of Directors may determine from time to time. Membership in the Cooperative shall not be transferable.
	6. Termination of Membership.
		1. A member may voluntarily terminate membership in the Cooperative by discontinuing all services. The Cooperative may administratively terminate the membership of a member if:
			1. The member, for a period of 30 days after service is available, has not permitted the installation of service, or
			2. If the member has ceased to purchase service from the Cooperative,

or

* + - 1. If the member fails to make payments for service or otherwise violates the terms and provisions of the Bylaws or the rules and regulations duly promulgated by the Cooperative.
	1. Rights on Termination.
		1. The Cooperative shall, within ninety (90) days from the date of termination, refund membership, less any amount remaining unpaid.
		2. The rights and interests of such terminated member in the property and assets of the Cooperative shall automatically terminate except for such member ' s interest in net savings on business done with the Cooperative prior to termination of membership or such member's interest in the Cooperative ' s capital as evidenced by credits in the patronage equity account and not returned to the terminated member pursuant to Paragraph 2.8.1 above.
		3. Termination of membership in any manner shall not release a member or his estate from any debts due to the Cooperative.

ARTICLE III

RIGHTS AND LIABILITIES OF THE COOPERATIVE

AND THE MEMBERS

3.1 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.

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

3.3 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.

ARTICLE IV

MEETINGS OF MEMBERS

4.1 Annual Meeting. The annual meeting of members shall be held in St. Paul, Oregon, at such place as the Board may determine and within forty-five (45) days of the fifteenth day of February of each year. At such meeting, Board members shall be elected, reports for the previous fiscal year shall be passed, and such other business as may come before the meeting shall be transacted. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative, nor affect the validity of any action.

4.2 Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon written request signed by any three Directors, by the President, or by not less than fifty (50) members or ten percent (10%) of all members, whichever shall be the lesser, stating the business to be brought before the meeting. Such special meeting shall be held within the City of St. Paul, Oregon. Calls for special meetings of the members shall specify the time, place and purpose of such meeting, and no business other than that specified in the call shall be considered at such meeting.

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

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

4.5 Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

(1) Report on the number of members present in person;

(2) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;

(3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;

(4) Presentation and consideration of reports of officers, directors and committees;

(5) Election of directors;

(6) Unfinished business;

(7) New business;

(8) Adjournment.

4.6 Voting.

4.6.1 Each member shall be entitled to one vote. All questions, except those involving multiple choice issues or determinations, shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple choice issues or determinations shall be decided by a plurality vote.

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

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

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

cast shall be counted as if the member were present and voting in person.

4.7 Sale or Other Disposition of Entire Assets.

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

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

ARTICLE V

BOARD OF DIRECTORS

5.1 Number. The business and affairs of the Company shall be managed by a board of five directors which shall exercise all of the powers of the Company except such as are by law, the Articles of Incorporation or these Bylaws conferred upon or reserved to the member.

5.2 Election and Term of Office. Directors serving from the following positions shall be elected in the year opposite the position and every three years thereafter.

No. 1 2021

No. 2 2019

No. 3 2019

No. 4 2020

No. 5 2020

5.3 Vacancies. Vacancies on the Board of Directors shall be filled by a majority vote of the remaining members of the Board. Such vacancy shall be filled for the unexpired term of such director.

5.4 Qualifications of Directors.

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

(a) Is closely related to an incumbent director or an employee of the Cooperative. As used here, "closely related" means a person who is related to the principal person by consanguinity or affinity, to the second degree or less - that is, a person who is either a spouse, child, grandparent, parent, brother, sister, aunt, uncle, nephew or niece, by blood or in law, of the principal. However, no incumbent director shall lose eligibility to remain a director or to be reelected as a director if he becomes a close relative of another incumbent director or of a Cooperative employee because of a marriage to which he was not a party; neither shall an employee lose eligibility to continue in the employment of the Cooperative if he or she becomes a close relative of a director because of a marriage to which he or she was not a party; or

(b) ls not a member of the Cooperative or a representative of a member who is other than a natural person; or

(c) ls not a bona fide resident of the area served by the Cooperative;

or

(d) Is an employee of the Cooperative or in any way financially interested in a competing enterprise or a business engaged in selling communication services or communication supplies or maintaining communication facilities; however, the Board may grant exceptions for "de minimis" competing enterprises.

5.4.2. To remain a director, the director must attend (7) or more of the regular meetings during each twelve-month period. Upon establishment of the fact that a director is in violation of any of the provisions of this section, the office shall be deemed vacant.

5.5 Effect of Disqualification.

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

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

5.6 Compensation of Directors. Board members shall, as determined by resolution of the Board, receive a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses.

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

A. Petitions signed by at least ten percent (10%) of the membership requesting the removal of the director. The petition shall state the reason(s) for the requested removal;

B. The petition shall be filed with the Secretary of the Cooperative at least forty-five (45) days prior to the annual or special meeting;

C. The director whose removal is sought is given fifteen (15) days to respond in writing to answer such reason(s) for removal;

D. It shall be the duty of the secretary of the Cooperative to include such statement of reasons for removal and the response of the director whose removal is sought in the meeting notice;

E. At the meeting of the members at which the charges are to be considered, the Board members shall have an opportunity at the meeting to be heard in person or by counsel to present evidence in respect to the charges, and the person or persons bringing the charges against him shall have the same opportunity;

F. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members;

G. No director shall be removed from office unless by a vote of a majority of the members present;

H. Any vacancy created by such removal may be filled by a vote of the members at such meeting without compliance with the Bylaw provisions with respect to nominations.

ARTICLE VI

NOMINATIONS

6.1 Nominating Committee. A nominating committee of two (2) members shall be appointed by the President not less than thirty (30) days before each annual meeting. It shall be the duty of the nominating committee to present nominations for Directors at the annual meeting.

6.2 Nominations by Petition. Any twenty-five (25) or more members, acting together, may make nominations for Directors for such positions by petition, provided that such petition shall be filed with the Secretary of the Board not less than thirty (30) days prior to the meeting at which Directors are to be elected.

6.3 Nominations from the Floor. There shall be no nominations allowed from the floor.

ARTICLE VII

MEETINGS OF THE BOARD

7.1 Regular Meetings. The meeting of the Board of Directors next following each annual meeting of the members shall be held at the principal place of business of the cooperative, or such other place as may be determined by the President, for the purpose of electing officers hereinafter provided and for completing their organization for the coming year and may transact such other business as may come before the meeting. Regular meetings of the Board shall also be held as such time and place as designated by the Board. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof. A minimum of at least ten (10) regular meetings shall be held each year.

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

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

7.4 Quorum. At all regular and special meetings of the Board of Directors, a majority of the directors then in office shall constitute a quorum; however, no action of the Board shall be taken except upon the affirmative vote of at least three directors.

7.5 Meeting by Conference Telephone or Similar Communications Equipment Permissible. Members of the Board of Directors may hold a meeting of the Board by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can communicate with each other. Participation in a meeting pursuant to this section shall constitute presence in person at the meeting.

7.6 Action Without a Meeting. Any action which may be taken at a meeting of the Board of Directors may be taken without a meeting if unanimous consent in writing setting forth the action so taken is signed by all of the directors. Such consent shall have the same force and effect as a unanimous vote at a meeting.

ARTICLE VIII

POWERS AND DUTIES OF DIRECTORS

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

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

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

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

8.5 Selection of Depository. The Board of Directors shall have power to select one or more institutions to act as depository of the fw1ds of the Cooperative and to determine the manner of receiving, depositing and disbursing the funds of the Cooperative and the form of checks and the person or persons by whom same shall be signed, with the power to change such institutions and the officer or officers, employee or employees, person or persons signing said checks and the form thereof at will.

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

ARTICLE IX

OFFICERS

9.1 Offices to be Filled. The principal officers of this 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 Secretary-Treasurer need not be a member of the Board. Such officers shall be elected by the Board at the first regular meeting of the Board of Directors each year, and their term of office shall be at the pleasure of the Board.

9.2 President. The President shall:

(a) Be the principal executive officer of the Company and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;

(b) Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these bylaws to some other officer or agent of the Company, or shall be required by law to be otherwise signed or executed; and

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

9.3 Vice-President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned by the Board.

9.4 Secretary-Treasurer. The Secretary-Treasurer shall:

(a) Keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;

(b) See that all notices are duly given in accordance with these bylaws or as

required by law;

(c) Be custodian of the corporate records and of the seal of the Company and affix the seal of the Company to all documents as needed, the execution of which on behalf of the Company under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) Keep a register of the names and post office addresses of all members;

(e) Sign, with the President, the issue of which shall have been authorized by the Board or members;

(f) Have general charge of the books of the Company;

(g) Keep on file at all times a complete copy of the articles of incorporation and bylaws of the Company containing all amendments thereto (which copy shall always be open to the inspection of any member);

(h) In general, perform all duties incident to the Office of Secretary and such

other duties as from time to time may be assigned by the Board;

1. Have charge and custody of and be responsible for all funds and

 securities of the Company;

1. Be responsible for the receipt of and the issuance of receipts for all

monies due and payable to the Company and for the deposit of all such monies in the name of the Company in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and

1. In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

ARTICLE X

INDEMNIFICATION

10.1 Indemnification of Director, Officer, Employee or Agent Permitted for Expenses Incurred in Legal Action. The Cooperative shall indemnify directors, officers, employees or agents for expenses incurred in legal actions in accordance with ORS 62.462, et seq., and any amendments thereto

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

ARTICLE XI

COOPERATIVE OPERATION

11.1 Interest or Dividends on Capital Prohibited. The Cooperative shall always

be operated on a cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or will be payable by the Cooperative on any capital furnished by its members.

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

The net savings of providing telecommunications and information services as provided in Section 2.5 shall belong to its members in proportion to their respective patronage and shall be returned to such members either in the form of cash or credits to each member ' s capital account. If the Board shall find that the net savings are substantially different as between two or more class or types of services provided by the Cooperative or class or types of business done by the Cooperative, it may establish reasonable classifications of patronage by service or department based upon such differentials, so that net savings will be equitably distributed in proportion to the patronage that produces such net savings.

11.3 Application of Net Savings to Indebtedness. The Cooperative at its sole option may withhold all net savings distributable to a member and apply the same to the indebtedness such member may owe the Cooperative. In such event, however, the Cooperative shall give such member written notice of the amount so applied.

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

A The loss shall be charged against unallocated equities;

B. The loss shall be allocated to the members in proportion to their respective patronage for such year. The amount of such allocation shall be charged against the credits of such members in the member's equity account, with the most recent of such allocations being first canceled. In the event there is not a sufficient credit in a member ' s equity account to absorb the allocation of loss, the balance of such allocation shall be offset against and cancel future allocations of net savings to such member's account until the balance of such account is reduced to zero.

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

A. Used to offset any losses incurred during the current or any prior fiscal year; and

B. To the extent not needed for that purpose, retained by the Cooperative in a reserve account for the financing of the construction or acquisition by the Cooperative of additional facilities, except to the extent otherwise determined by the Board.

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

ARTICLE XII

CAPITAL

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

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

A. The heirs or legatees of a deceased member; or

B. On written request of the member to his successor in occupancy in all or a part of such member ' s premises served by the Cooperative; or

C. Back to the Cooperative; or

D. The Board, acting under policies of general application, shall authorize other types of assignments.

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

12.3 Retirement of Member' s Equity Credits. Credits to member’s equity account may be retired by the Board of Directors in its discretion and direction as to timing, method and type of retirement. If the Board of Directors at any time determines that retirement of credits to member's equity account should cease for any reason, such process of retirement shall be stopped until the Board of Directors deems it advisable to continue such process. Any indebtedness due from the record holder of such a credit to the Cooperative may be offset by the Cooperative before the retirement of such certificate or any part thereof.

Upon the certification of the management of the Cooperative to the Board of Directors that the cost of redeeming the credits of a member in member ' s equity account up to a certain amount of such credits, but not in excess of $5.00 exceeds the amount of such credits being redeemed, the Board may exclude from such retirement the credits of any member which would otherwise be retired but which are less than the an1ount so certified. The amount of credits from inactive accounts of less than $5.00 shall be thereupon credited to retained capital of the Cooperative.

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

12.5 Retirement of Member' s Equity Credits in the Event of Death. On the death, after the adoption of this amendment to the Bylaws, of an individual who is the original holder of credits to member's equity account, upon the application of the personal representative of the estate of such decedent, the Cooperative shall pay the estate of such decedent the amount of such credits in cash up to a total of $2,000.00. The retirement of member's equity credits in excess of $2,000.00 for each fiscal year may be specifically authorized by special Board decision.

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

Credits held in the name of a husband and wife, or otherwise jointly held, shall be considered for the purpose of this section as if held by the surviving spouse or member. The interest shall be redeemed upon the death of the surviving spouse or member in the san1e manner as an individual decedent.

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

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

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

12.8 Retained Capital in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services, other than telecommunications and information services to members, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishings of such goods or services shall, insofar as permitted by law, be deemed retained capital and used at such time and for such purposes as the Board shall determine.

ARTICLE XIII

RIGHTS ON DISSOLUTION

13.1 Dissolution or Liquidation. Upon dissolution or liquidation of the Cooperative, the following priorities shall exist in the distribution of assets:

A. All debts and liabilities of the Cooperative shall have been paid;

B. Holders of credits to member's equity accounts shall be paid the face amount of such credits without regard for priority of issue of such credits. If the amount of funds to be distributed is insufficient to retire all such credits at the face value thereof, retirement shall be made pro-rata thereon;

C. All membership fees shall be repaid;

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

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

ARTICLE XIV

MISCELLANEOUS

14. l Membership in Other Organizations. The Cooperative may become a

member or purchase stock in other profit or nonprofit organizations, associations, partnerships or joint ventures when the Board finds that the general or long -term interests of its membership will be served by such investments or participation.

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

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

14.4 Seals. The seal of this Cooperative shall be circular in form and contain its name and the words "St. Paul Cooperative Telephone Association - Corporate Seal".

ARTICLE XV

AMENDMENTS

15.1 These Bylaws may be amended at any meeting of the members, by a two-thirds

 (2/3) vote in the affirmative of those voting, provided that notice of the proposed amendment is included in the notice of the meeting and provided further that Section 4.7 (on sale of assets) cannot be amended without an affirmative vote of at least two- thirds (2/3) of the entire membership.