

**AMENDED AND RESTATED BY-LAWS OF  
THREE RIVER TELCO**

**I. MEMBERSHIP**

1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member ("Member") of Three River Telco (hereinafter called "TRT") by:

- (a) Making a written application for membership therein;
- (b) Agreeing to purchase from TRT telephone service (local exchange or long distance) or broadband services (including Internet service) as hereinafter specified (collectively the "Eligible Services"); provided, however, that purchases of Eligible Services in connection with the operation of a business engaged in the provision of telecommunications, data services or video services shall not qualify for membership;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation as amended (the "Articles") and By-laws of TRT and any rules and regulations adopted by the Board of Directors (hereinafter called the "Board"); and
- (d) Agreeing to pay the membership fee hereinafter specified on uniform terms and conditions established by the Board: provided, however, that agreement to pay or payment of the membership fee in accordance with the provisions of these By-laws by a landlord on behalf of an applicant for membership who is a tenant occupying premises owned by such landlord and served by TRT shall constitute compliance by such applicant with subdivision (d) of this Section; and provided further, however, that no person firm, association or body politic or subdivision thereof shall become a Member unless and until he, she or it has been accepted for membership by the Board or the Members. No membership shall be transferable, except as provided in these By-Laws.

Beginning six months after the date of incorporation, all applications received more than thirty (30) days prior to each meeting of the Members which have not been accepted or which have been rejected by the Board shall be submitted by the Secretary to such meeting, and, subject to compliance by the applicant with the requirements hereinabove set forth, any such application may be accepted by vote of the Members. The Secretary shall give each such applicant at least ten (10) days written notice of the date of the Members' meeting to which the Member's application will be submitted, and such applicant shall be entitled to be present and heard at the meeting.

2. Membership Certificates. Membership in TRT shall be evidenced by a Membership Certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such Certificates shall be signed by the President and by the Secretary and the

corporate seal shall be affixed thereto. No Membership Certificate shall be issued for less than the membership fee fixed in these By-laws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to TRT as the Board may prescribe.

3. Joint Membership. A husband and wife or a partnership may apply for a joint membership and, subject to their compliance, with the requirements of Section 1 of this Article, may be accepted for such membership. The term "Member" as used in these By-Laws shall be deemed to include a husband and wife or partner holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one Member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) Either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office; and
- (h) A proxy executed by either or both shall constitute a joint proxy.

4. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse or partner to comply with the Articles, By-Laws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered and shall be reissued by TRT in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse or partner who is a party to the joint membership, such membership shall be held solely by the survivor, or survivors. The outstanding membership certificate shall be surrendered and shall be reissued in such manner as shall indicate the changed membership

status; provided, however, that the estate of the deceased shall not be released from any debts due TRT.

5. Membership and Service Connection Fees. The membership fee shall be Ten Dollars (\$10.00). An additional amount shall be paid as equity for each connection, extension or other available service, in accordance with the rules and regulations prescribed by the Board.

6. Purchase of Eligible Services. Each Member shall, as soon as Eligible Services are available, take Eligible Services from TRT to be used on the premises specified in the Member's application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board; or, for the services rendered by other carriers, at the rates which TRT is obliged to bill and collect by contractual arrangements with other carriers, provided, however, that the Board may limit the amount of Eligible Services which TRT shall be required to furnish to any one Member. It is expressly understood that amounts paid for Eligible Services in excess of the cost of service are furnished by Members as capital and each Member shall be credited with the capital so furnished as provided in these By-Laws. Each Member shall pay to TRT such minimum per month for Eligible Services as shall be fixed by the Board from time to time. Each Member shall pay all amounts owed by the Member to TRT as and when the same become due and payable.

7. Termination of Membership.

- (a) Any Member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the Directors, expel any Member who fails to comply with any of the provisions of the Articles, By-Laws, or any rules or regulations adopted by the Board, but only if such Member shall have been given written notice by the Secretary that such failure makes the Member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled Member may be reinstated by vote of the Board or by vote of the Members at any annual or special meeting. The membership of a Member who has not permitted the installation of service within thirty (30) days after the Member has been notified service is available, or a Member who has ceased to purchase Eligible Services from TRT, shall be cancelled by resolution of the Board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a Member, the membership of such Member shall thereupon terminate, and the membership certificate of such Member shall be surrendered forthwith to TRT. Termination of membership in any manner shall not release a Member or Member's estate from any debts due TRT.
- (c) Upon termination of membership for any reason, the Company shall upon delivery of the membership certificate for cancellation, pay to the Member the amount of the membership fee, if it was paid in cash or the equivalent (but not if paid from capital credits earned by the Member), provided, however, that

prior to the repayment of a membership fee, the Company shall deduct from the amount of the membership fee, the amount of any debts owing from the Member to the Company. Membership fees paid from capital credits shall be transferred to the capital credit account of the Member upon termination of membership.

- (d) If a membership fee has been paid by a landlord on behalf of a tenant, upon the removal of such tenant from the premises of the landlord, the membership of such tenant shall terminate.

## **II. RIGHTS AND LIABILITIES OF TRT AND THE MEMBERS**

1. Service Obligations. TRT 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.

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

3. Property Interest of Members. Upon dissolution, after (a) all the debts and liabilities of TRT shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these By-Laws, and (c) all membership fees shall have been repaid, the remaining property and assets of TRT shall be distributed among the Members in the proportion which the aggregate patronage of each Member bears to the total patronage of all such Members, unless otherwise provided by law.

4. Non-Liability for Debts of TRT. The private property of the Members shall be exempt from execution or other liability for the debts of TRT, and no Member shall be liable or responsible for any debts or liabilities of TRT.

## **III. MEETING OF MEMBERS**

1. Annual Meeting. An Annual Meeting of the Members (“Annual Meeting”) shall be held at such date, time and place within the service area of TRT in the State of Nebraska as determined by the Board which shall be set forth in the notice of the meeting, for the purpose of electing Directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to annually designate the place of meeting and make

adequate plans and preparations for the Annual Meeting. If the day fixed for the Annual Meeting shall fall on a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of TRT.

2. Special Meetings. Special meetings of the Members may be called by resolution of the Board, or upon a written request signed by any three Directors, by the President, or by not less than 100 Members or ten per cent (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. Special meetings of the Members may be held at any place within the service area of TRT, in State of Nebraska, as specified in the notice of the Special Meetings.

3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an Annual Meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than fifty (50) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each Member of record on TRT's membership list as of the date of mailing of the notice of the Members' meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at the Member's address as it appears on the records of TRT, 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.

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

5. Quorum. Twenty-five (25) members or two percent (2%) of the Members present in person or by proxy, whichever is the larger, at a meeting of the Members shall constitute a quorum. If less than a quorum is present at any meeting of the Members, 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, or by proxy.

6. Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the Members. All questions shall be decided by a vote of a majority of the Members voting thereon in person or by proxy except as otherwise provided by law, the Articles or these By-Laws.

7. Proxies. A Member may vote by proxies executed in writing by the another Member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be valid after sixty days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A Member may give the Member's proxy only to another Member or to an adult relative living in the same home with such Member, and no

person may hold more than one proxy at any meeting, except where such person is exercising a proxy in connection with sale, lease, mortgage or other disposition or encumbrance of the property to the United States of America or any agency or instrumentality thereof or in connection with an amendment to the certificate of incorporation of TRT. The presence of a Member at a meeting shall revoke a proxy theretofore executed by the Member and such Member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed the proxy.

8. 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:

- (a) Report of the number of members present in person in order to determine the existence of a quorum. Report on proxies.
- (b) 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.
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Presentation and consideration of reports of officers, trustees, and committees.
- (e) Election of directors.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

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

#### **IV. DIRECTORS**

1. General Powers. The business and affairs of TRT shall be managed by a board of directors consisting of not less than three (3) or more than seven (7) Directors who shall exercise all of the powers of TRT except such as are by law, the Articles or these By-Laws conferred upon or reserved to the Members.

2. Election and Tenure of Office. The persons elected as Directors by the Members at the Annual Meeting shall comprise the Board. If an election of Directors shall not be held on the day

designated herein for the Annual Meeting, or at any adjournment thereof, a special meeting of the Members shall be held for the purpose of electing Directors within a reasonable time thereafter. Each Director shall serve a three (3) year term. The terms of the Directors shall be staggered such that insofar as possible, each year one-third of the Board members shall be elected.

- (a) Districts. The service area of TRT shall be divided into districts for election of Directors with the boundaries of such districts to be established by the Board, except to the extent that the Board approves the election of one or more Directors on an at large basis. A Director must be a Member and must have his or her principal residence in his or her district unless the Director is elected on an at large basis.
- (b) Nominations. To the extent a Member wishes to be on the Board, such Member shall fill out an application for the same, with recommendations for such Board position from at least fifteen (15) other Members and shall be submitted to the business office of TRT at 225 N. 4<sup>th</sup> Street, Lynch, NE 68746, not less than twenty (20) days prior to the Annual Meeting to be included on the ballot. The application for a Board position can be found on the TRT website. No Member may nominate more than one candidate.
- (c) Voting. All Members at the Annual Meeting shall be able to vote for a nominee for each district regardless of that Member's residence. Each director shall be elected by a majority vote of the votes cast for that district. A sample ballot form is attached as Exhibit A.

3. Qualification. No person shall be eligible to become or remain a Director of TRT who:

- (a) is not a Member and having his or her principal residence in the district at the time of his or her election unless the Director is elected on an at large basis; and
- (b) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling telephone or broadband services or supplies, or constructing or maintaining telephone facilities, other than a business operating on a cooperative non-profit basis for the purpose of furnishing rural telephony.

Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board shall remove such Director from office and fill the vacancy in accordance with the provisions of Section IV.5 below.

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

4. Removal of Directors by Members. Any Member may bring charges against a Director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per cent of the Members, or two hundred (200) Members, whichever is the lesser, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the Members at which 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 the Director shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the Members and any vacancy created by such removal may be filled by vote of the Members at such meeting without compliance with the foregoing provisions with respect to nominations.

5. Vacancies. Subject to the provisions of these By-Laws with respect to the filling of vacancies caused by the removal of Directors by the Members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the Members shall have the right to fill such vacancy at a meeting of the Members without compliance with the foregoing provisions in respect of nominations.

6. Compensation. Directors shall receive a fixed sum for each day or portion thereof spent on TRT's 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 TRT's business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Board members, who elect to participate, may be extended various forms of liability and accident insurance, not to include health insurance, and may also participate in benefits provided to employees such as free telephone, broadband and video services, but excluding employee benefits based on salary. No Director shall receive compensation for serving TRT in any other capacity, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board or such service by such Director shall have been certified by the Board as an emergency measure.

## **V. MEETING OF DIRECTORS**

1. Regular Meetings. The Annual Meeting of the Board shall be held without notice immediately after, and at the same place as, the Annual Meeting of the Members. A regular meeting of the Board shall also be held monthly at such time and place as the Board may provide by resolution unless the President determines that a meeting in a particular month is not needed, or circumstances have arisen that cause the holding of a meeting in a particular month to be unfeasible. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

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.

3. Notice of Directors' Meetings. Written or electronic notice of the time, place (or telecommunications conference event) and purpose of any special meeting of the Board shall be delivered to each Director not less than five (5) days previous thereto 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 the Directors calling the meeting. The five (5) day notice may be waived upon unanimous approval of the Directors. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at the Director's address as it appears on the records of TRT, with postage thereon prepaid.

4. 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.

5. Action Without a Meeting. Any action required to be taken at a meeting of the Board may be taken without a meeting, if a written consent, setting forth the action so taken, shall be signed by all the Directors. Such consent shall have the same effect as a unanimous vote. The consent may be executed by the Directors in counterparts.

6. Presumption of Assent. A Director who is present at a meeting of the Board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file written dissent to such action with the person acting as the Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of TRT immediately after the adjournment of the meeting. Such right to dissent shall not be available to a Director who voted in favor of such action.

## **VI. OFFICERS**

1. Number. The officers of TRT 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.

2. Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the Annual Meeting of the Members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding Annual Meeting of the Members or until the officer's successor shall have been elected and shall have qualified. Except as otherwise provided in these By-Laws, the vacancy in any office shall be filled by the Board for the unexpired portion of the term.

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 TRT will be served thereby. In addition, any Member of TRT may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per cent of the Members, or two hundred Members, whichever is the lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the board meeting at which 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 the Director shall have the same opportunity. In the event the Board does not remove such officer, the question of the officer's removal shall be considered and voted upon at the next meeting of the Members.

4. President. The President shall:

- (a) be the principal executive officer of TRT, and unless otherwise determined by the Members or the Board, shall preside at all meetings of the Members and the Board;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the Members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of TRT, 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.

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

6. Secretary. The Secretary 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 By-Laws or as required by law;

- (c) be custodian of the corporate records and of the seal of TRT and affix the seal of TRT to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of TRT under its seal is duly authorized in accordance with the provisions of these By-Laws;
- (d) keep a register of the names and post office addresses of all Members;
- (e) sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the Members;
- (f) have general charge of the books of TRT;
- (g) keep on file at all times a complete copy of the Articles and By-Laws of TRT containing all amendments thereto (which copy shall always be open to the inspection of any Member) and at the expense of TRT, forward a copy of the By-Laws and of all amendments thereto to each Member; and
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to the Secretary by the Board.

7. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of TRT;
- (b) be responsible for the receipt of and the issuance of receipts for all moneys due and payable to TRT and for the deposit of all such moneys in the name of TRT in such bank or banks as shall be selected in accordance with the provisions of these By-Laws; provided, however, that the Treasurer shall have the authority, with the approval of the Board, to delegate to the General Manager the authority to appoint employees of TRT to actually carry out the responsibilities set forth in this Section; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board; provided, however, with respect to the duties and responsibilities of the Treasurer, TRT shall indemnify and hold the Treasurer harmless against any and all losses, claims, or damages which may be asserted against the Treasurer, in the Treasurer's official capacity, unless such claim is a result of an act personally committed or omitted by the Treasurer resulting in loss to TRT.

8. General Manager. The Board may appoint a General Manager who may be, but who shall not be required to be, a Member of TRT. The General Manager shall perform such duties

and shall exercise such authority as the Board may from time to time vest in him. The General Manager shall not be required to reside in TRT's service area. If the General Manager does not reside within TRT's service area, the General Manager shall be a non-voting Member, and shall not (i) qualify for capital credits; (ii) be required to pay a membership fee; and (iii) be eligible for patronage. If the General Manager resides within TRT's service area, the General Manager may become a voting Member if he or she pays the requisite membership fee, and upon doing so, the General Manager may (a) qualify for capital credits; and (b) be eligible for patronage. The General Manager shall not bear any liability for the debts of TRT.

9. Bonds of Officers. The Treasurer and any other officer or agent of TRT charged with responsibility for the custody of any of its funds or property may give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent or employee of TRT to give bond in such amount and with such surety as it shall determine.

10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board, subject to the provisions of these By-Laws with respect to compensation for directors and close relatives of Directors.

11. Reports. The officers of TRT shall submit at each Annual Meeting of the Members reports covering the business of TRT for the previous fiscal year. Such reports shall set forth the conditions of TRT at the close of such fiscal year.

## **VII. INDEMNIFICATION OF OFFICERS, BOARD MEMBERS, EMPLOYEES AND AGENTS**

To the fullest extent permitted by law, TRT shall indemnify any individual who was or is a party or threatened to be made a party to any proceeding, other than a proceeding by or in the right of TRT, because he or she was a Director or officer of TRT against liability and/or expenses incurred in the proceeding if: (i) he or she conducted himself or herself in good faith; (ii) he or she reasonably believed (a) in the case of conduct in his or her official capacity, that his or her conduct was in the best interests of TRT, and (b) in all other cases that his or her conduct was at least not opposed to the best interests of TRT; and (iii) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful.

The indemnity provided for by this Article VII shall not be deemed to be exclusive of any other rights to which the indemnified persons may be otherwise entitled, nor shall the provisions of this Article VII be deemed to prohibit TRT from extending its indemnification to cover other persons or activities to the extent permitted by the Act or pursuant to any provision in the By-laws.

## **VIII. NON-PROFIT OPERATION**

1. Interest or Dividends on Capital Prohibited. TRT 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 TRT on any capital furnished by its Members.

2. Patronage Capital in Connection with Furnishing Eligible Services. In the furnishing of Eligible Services TRT's operations shall be so conducted that all Members will through their patronage furnish capital for TRT. In order to induce patronage and to assure that TRT will operate on a nonprofit basis, TRT is obligated to account on a patronage basis to all its Members for all amounts received and receivable from the furnishing of Eligible Services in excess of operating costs and expenses properly chargeable against the furnishing of Eligible Services. All such amounts in excess of operating costs and expenses at the moment of receipt by TRT are received with the understanding that such amounts are furnished by the Members as capital.

3. Credits to Members' Capital Accounts. TRT is obligated to pay by credits to a capital account for each Member all such amounts in excess of operating costs and expenses. The books and records of TRT 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 is clearly reflected and credited in an appropriate record to the capital account of each Member, and TRT 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 such amounts had been paid to the Member in cash in pursuance of a legal obligation to do so and the Member had then furnished TRT corresponding amounts for capital.

4. Dissolution or Liquidation. In the event of dissolution or liquidation of TRT, after all outstanding indebtedness of TRT shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of Members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of TRT will not be impaired thereby, the capital then credited to Members' accounts may be retired in full or in part. After June 9, 1983, and thereafter, the Board shall determine the method, basis, priority and order of retirement, if any, for all amounts furnished as capital. All retirements of capital credits shall be in accordance with REA provisions and with applicable approvals of regulatory bodies.

5. Assignment of Capital Credits. Capital credited to the account of each Member shall be assignable only on the books of TRT, pursuant to written instruction from the Member and only the successors in interest or successors in occupancy in all or a part of such Member's premises served by TRT unless the Board, acting under policies of general application, shall determine otherwise. Members at any time may assign their capital credits back to TRT and TRT is authorized to negotiate capital credit settlement arrangements with bankrupt Members.

6. Disposition of Capital Credits upon Death of a Member. Notwithstanding any other provision of these By-Laws, the Board, at its discretion, shall have the power at any time upon the death of any Member, if the legal representatives of the deceased Member's estate shall request in writing that the capital credited to any such Member be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to retire capital credited to any such Member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such Member's estate shall agree upon; provided, however, that the financial condition of TRT will not be impaired thereby.

If, upon the death of a Member, the Board does not timely receive a request in writing from the legal representative of the Member's estate for retirement of the Member's capital credits, the Board in its discretion may retire the Member's capital credits by payment to: (a) a person presenting an appropriate affidavit under any applicable small estate statute; (b) a person presenting an appropriate affidavit and indemnification agreement; (c) a surviving spouse presenting an appropriate affidavit and indemnification agreement; or (d) any adult child of the Member presenting an appropriate affidavit and indemnification agreement.

7. Disposition of Capital Credits upon Termination of Membership. When the capital credits of any Member no longer receiving service from TRT come to a total amount of less than a fixed sum determined by the Board, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other Members is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over. All tax refunds made by the United States Government or any state in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by TRT as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this section of these By-laws.

8. Set Off of Capital Credits Against Member Indebtedness. The capital credits of any Member no longer receiving service, of any Member filing bankruptcy, of any Member who has not paid the Member's telephone bills, or of any deceased Member may be set off against and used to pay any indebtedness, obligations or phone bills of such Member to TRT by the General Manager immediately and without further action by the Board or notice to the Member.

9. Members Bound. The Members of TRT, by dealing with TRT, acknowledge that the terms and provisions of the Articles and By-Laws shall constitute and be a contract between TRT and each Member, and both TRT and the Members are bound by such contract, as fully as though each Member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws shall be called to the attention of each Member of TRT by posting in a conspicuous place in TRT's office.

## **IX. DISPOSITION OF PROPERTY**

TRT may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the Directors thereof by the affirmative vote of not less than a majority of all of the Directors of TRT, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting.

## **X. FINANCIAL TRANSACTIONS**

1. 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

instruments in the name and on behalf of TRT, and such authority may be general or confined to specific instances.

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

3. Deposits. All funds of TRT shall be deposited from time to time to the credit of TRT in such bank or banks as the Board may select.

4. Change in Rates. Written notice shall be given to the Administrator of REA of the United States of America not less than ninety days prior to the date upon which any proposed change in the monthly rates charged by TRT for Eligible Services becomes effective.

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

## **XI. THREE RIVER COMMUNICATIONS, LLC**

1. Competing Local Exchange Carrier. TRT, through its wholly owned subsidiary, Three River Communications, LLC may institute service as a competing local exchange carrier (CLEC) in rural communities that TRT does not currently serve.

2. Customers of Three River Communications, LLC. Persons shall not become Members of TRT by virtue of being a customer of Three River Communications, LLC.

3. Profits or Losses. Profits or losses of Three River Communications, LLC may be reported to TRT for tax purposes by a Schedule K-1 or may be reported on TRT's tax returns, in the discretion of the General Manager or TRT's, accountants, or tax advisors.

4. Insurance & Bonding. Three River Communications, LLC shall obtain insurance and bonding for itself, its manager and employees comparable to that of TRT.

5. Books & Records. The books and records of Three River Communications, LLC shall be open to examination by the Board members of TRT at all times. The books and records of Three River Communications, LLC shall be audited by the same auditors employed by TRT at the same time and in the same detail. Annual reports shall be prepared at the same time as TRT's annual reports and shall be furnished to the Board and the Board's legal counsel.

## **XII. RULES AND PROCEDURES FOR REQUESTS FOR ACCESS TO RECORDS BY MEMBERS**

TRT recognizes the rights of the Members to inspect TRT's records in accordance with Sections 21-19,166 and 21-19,167 of the Act. TRT also recognizes that there are limits and exceptions

on such rights, and that TRT as a separate legal entity is required to meet responsibilities to its Members and also has the right of orderly conduct of its business and the responsibility to protect the reasonable privacy interests of its employees and Members. TRT further recognizes that a fair resolution of these interests may require legal analysis and TRT reserves the right to seek a legal opinion from counsel before responding to a request.

Any request to inspect TRT's records by a Member, other than requests for such routine records as rate schedules, Articles and By-laws shall be made in writing on Information Review Form, attached hereto.

### **XIII. MISCELLANEOUS**

1. Membership in Other Organizations. TRT shall not become a member of or purchase stock in any other organization without an affirmative vote of the Members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchases; provided, however, that TRT may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of area-wide rural telephone service, or with the approval of the Administrator of REA, of any other corporation for the purpose of acquiring telephone facilities or assuring more adequate telephone service to its members.

2. Waiver of Notice. Any member of the Board 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 ground that the meeting has not been lawfully called or convened.

3. Rules and Regulations. The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles or these By-Laws as it may deem advisable for the management of the business and affairs of TRT.

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 relevant federal and state agencies (i.e., the Federal Communications Commission and the Nebraska Public Service Commission) having regulatory authority over TRT. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of TRT as of the end of such fiscal year. Such audit reports shall be submitted to the Members at the next following Annual Meeting.

### **XIV. AMENDMENTS**

These By-Laws may be altered, amended or repealed by 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.