

BYLAWS of TRIOTEL COMMUNICATIONS, INC.

ARTICLE I : MEMBERSHIP

SECTION 1. Requirement for Membership. Any person, firm, association, limited liability company, partnership, corporation or body politic or subdivision thereof may become a member of TrioTel Communications, Inc. (hereinafter called the "Cooperative") by complying with each of the following:

- (a) Making a written application for membership and communication service;
- (b) Agreeing to purchase from the Cooperative local telephone exchange service or broadband internet service as hereinafter specified;
- (c) Agreeing 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 of Directors (hereinafter called the "Board"); and
- (d) No member may hold more than one (1) membership interest in the Cooperative, and no membership shall be transferable except by conversion as hereinafter provided.

SECTION 2. Membership Record. Membership in the Cooperative shall be evidenced by enrolling the name of a member upon the Membership Record kept and maintained in the office of the Cooperative, which record shall be available for inspection by any member during regular office hours.

SECTION 3. Joint Membership. A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include a husband and wife 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 (1) member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one (1) 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 board member provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership.

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

SECTION 5. Membership Fees. There shall be no membership fee.

SECTION 6. Purchase of Services. Each member shall, as soon as service is available, purchase either or both from the Cooperative:

- (a) Local telephone exchange service; or
- (b) Broadband internet service.

In each case, the local telephone exchange service or broadband internet service must be purchased for use at a business or residence physically located within the certificated ILEC service territory of the Cooperative as determined by the South Dakota Public Utilities Commission from time to time. Following receipt of service, each member shall pay the monthly rates for such service as determined by the Board in accordance with established tariffs as from time to time. It is expressly understood that amounts paid for services ("patronage") in excess of costs are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall also pay all amounts owed by him or her to the Cooperative as and when the same shall become due and payable.

SECTION 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 (2/3) of all members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him or her 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 for a period of thirty (30) days after service is available to him or her has not permitted the installation of service, or of a member who has ceased to purchase either local telephone exchange service or broadband internet service from the Cooperative in the manner required under Article I, Section 6, may 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 the Cooperative. Termination of membership in any manner shall not release a member or his or her estate from any debts due the Cooperative.

ARTICLE II : RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution:

- (a) All debts and liabilities of the Cooperative shall be paid;
- (b) All capital furnished through patronage shall have been retired as provided in these Bylaws; and
- (c) The remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate unretired capital credits allocated to each member or former member bears to the total unretired capital credits allocated to all of the members and former members during the ten (10) years preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence, unless otherwise provided by law.

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.

ARTICLE III : MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held at any time within six (6) months after the first day of July of each year on a date and at a place to be selected by the Board, 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 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.

SECTION 2. Special Meetings. Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) board members, by the President, or by not less than two hundred (200) members or by ten per centum (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 one (1) of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 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 thirty (30) days before the date of the meeting, whether personally or by mail, or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. Fifty (50) members present in person shall constitute a quorum. Members represented by signed vote may be counted in computing a quorum only on those questions as to which the signed vote is taken. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person and by those members represented by signed vote.

SECTION 5. Voting.

(a) Each member shall be entitled to only one (1) 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 except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. The Board shall establish such methods and procedures for voting that shall be in the best interest of the Cooperative; and

(b) The vote of a member who is also a business, limited liability company, partnership, unincorporated association, cooperative, corporation, or body politic shall be cast by an individual designated in writing to represent such member. Such designation shall be filed with the Cooperative at its offices at least five (5) days prior to the meeting at which the vote is to be cast. An individual so designated may represent more than one (1) such member and may vote as an individual if he or she is an individual member.

SECTION 6. 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 in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver 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, trustees, and committees.

5. Election of directors.

6. Unfinished business.

7. New business.

8. Adjournment.

ARTICLE IV : BOARD MEMBERS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of not less than seven (7) nor more than fourteen (14) directors which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members. There shall be seven (7) districts and each district shall have one (1) director unless otherwise provided. Directors shall be nominated from and reside within the following director districts:

(a) District 1 shall consist of all of that area served by the Canova exchange, and shall have one (1) director;

(b) District 2 shall consist of all of that area served by the Center exchange, and shall have one (1) director;

(c) District 3 shall consist of all of that area served by the Spencer exchange, and shall have one (1) director;

(d) District 4 shall consist of all of that area served by the Winfred exchange, and shall have one (1) director;

(e) District 5 shall consist of all of that area served by the Alexandria exchange, and shall have one (1) director;

(f) District 6 shall consist of all of that area served by the Salem exchange, and shall have one (1) director;

(g) District 7 shall consist of the Emery exchange and the Clayton exchange as well as the area served by Districts 1 through 6 inclusive, and shall have one (1) director.

SECTION 2. Election and Tenure of Office. Directors from each district shall be elected by secret ballot by the members residing in said district(s) voting at the annual meeting. The directors so elected shall hold office for three (3) years, unless otherwise provided herein. If an election of directors shall not be held on the day designated therein 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. Directors may be elected by a plurality vote of the members. In the event of a tie between two (2) or more candidates receiving the most votes in any election of directors, the person presiding over such election shall first eliminate any candidates which did not tie for the most votes in such election. The person presiding over such election shall then conduct a run-off election consisting only of those candidates which tied for the most votes in the preceding election. In the event of one (1) or more subsequent ties, the person presiding over such election shall repeat the foregoing procedure until such time as one (1) candidate receives more votes than any other candidate in such election.

SECTION 3. Qualifications.

(a) No person shall be eligible to become or remain a director of the Cooperative who:

1. Is not a member and bona fide resident of the area served or to be served by the Cooperative; or

2. Is in any way employed by or financially interested in a competing enterprise or a business engaged in selling communications services or supplies, or constructing or maintaining communications facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephone. Notwithstanding anything contained herein to the contrary, holding an investment in an entity whose ownership interests are publicly traded on a stock exchange, but which competes with the business of the Cooperative shall not be considered to be a violation of this section. Upon establishment of the fact that a director is holding the office in violation of any of the foregoing provisions, the Board shall remove such director from office.

(b) Eligibility of former employees for board membership and former board member for employment:

1. No employee or former employee of the Cooperative shall be eligible for election to the Board until five (5) years have passed since the end of his or her employment.
2. No director or former director shall be eligible for employment by the Cooperative until five (5) years have passed since the end of his or her service as director.

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

SECTION 4. Nominations. Directors shall be nominated by petition signed by not less than fifteen (15) members who reside in the Cooperative's director district. Only one (1) member of a joint membership may sign a nominating petition. The nominating petition shall state the name and address of the person running for director, and each member signing said petition shall also date his or her signature and place his or her address on the petition. The petition shall be filed in the office of the Cooperative in Salem, South Dakota, not less than thirty (30) days prior to the annual meeting. Any petition received which has been mailed by first class mail, postage prepaid and postmarked thirty (30) days prior to the annual meeting shall be deemed to have been filed in sufficient time. Not less than sixty (60) days before the annual meeting the Secretary of the Cooperative shall cause to be mailed to each member entitled to vote thereon a notice that there is or will be a vacancy on the Board, that any person who qualifies under these Bylaws may run for that directorship, and that prior to running a petition must be signed by fifteen (15) members of the Cooperative and filed no later than thirty (30) days before the annual meeting. The notice shall state the date, place and time of said annual meeting, and shall also state that a petition in proper form may be requested from the Cooperative headquarters and will be mailed to any member making said request. If the number of petitions timely filed is equal to or less than the number of director vacancies, the person or persons filing the petition(s) shall be declared elected at the annual meeting. There shall be no nominations from the floor. The Secretary of the Cooperative shall also cause said notice required in this section to be published one (1) time in a legal newspaper which is published within the county in which the Cooperative is located, not less than sixty (60) days before the annual meeting.

SECTION 5. 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 centum (10%) or two hundred (200) of the members, whichever is the lesser, may request the removal of such director by reason thereof. The Board shall then call a special meeting of the members to consider such charges, to be held within forty-five (45) days of the bona fide petition. 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 to the charges; and the person or persons bringing the charges against him or her 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.

SECTION 6. Vacancies. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within 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 to nomination.

SECTION 7. Compensation. Directors shall not receive any salary for their services as directors except that, by resolution of the Board, an attendance fee, actual expenses if any, or any other benefit not to exceed benefits that are available generally to employees, shall be allowed for attending each meeting of the Board, committee meetings or any other meetings authorized by the Board. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the members, or the service by such directors

or close relative shall have been certified by the Board as an emergency measure. Only the following shall constitute a close relative of a director: husband, wife, brother, stepbrother, brother-in-law, sister, stepsister, sister-in-law, son, stepson, son-in-law, daughter, stepdaughter, daughter-in-law, father, stepfather, father-in-law, mother, stepmother, mother-in-law, niece by blood or by marriage, or nephew by blood or by marriage. All prospective employees shall divulge any relationship to a director before the time of their employment.

SECTION 8. Liability. To the fullest extent permitted under South Dakota law governing this Cooperative as the same exists or may hereafter be amended, a director of this Cooperative shall not be personally liable to the Cooperative or its members for monetary damages for the breach of fiduciary duty as director, except for liability:

- (a) For the breach of the director's duty of loyalty to the Cooperative or its members;
- (b) For acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- (c) For any violations of SDCL 47-17-7; or
- (d) For any transaction from which the director derived an improper personal benefit.

ARTICLE V : MEETINGS OF DIRECTORS

SECTION 1. Regular Meetings. A regular meeting of the Board shall be held without notice, immediately after, and at the same place as, the annual meeting of the members. Regular meetings of the Board shall be held throughout the year at such time and place as may be designated by the Board. Such regular meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meetings. Special meetings of the Board, either in person or by teleconference, 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 meetings to be given as hereinafter provided. The President or directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings. Written notice of the time, place, and purpose of any special meeting of the Board shall be delivered to each director either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or one (1) of the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his or her address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the 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, except as otherwise provided in these Bylaws.

ARTICLE VI : OFFICERS

SECTION 1. Number. 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. The offices of Secretary and Treasurer may be held by the same person.

SECTION 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 may be convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his or her successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum (10%) or two hundred (200) of the 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 (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. In the event the Board does not remove such officer, the question of his or her removal may be considered and voted upon at the next meeting of the members.

SECTION 4. President. The President shall:

(a) Be the principal executive officer of the Cooperative and, the President or the President's designee shall preside at all meetings of the members and the Board. During the course of any such member or board meeting, the President may temporarily delegate his or her duty to preside over the meeting to:

1. The Cooperative attorney; or
2. Any other person in accordance with the provisions of *Robert's Rules of Order*.

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

(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.

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

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

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

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

(c) The safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these Bylaws;

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

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

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

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

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

(a) Custody of all funds and securities of the Cooperative;

(b) The receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and

(c) The general performances of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Board.

SECTION 8. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him or her.

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

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

SECTION 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the members, reports covering the business of the Cooperative for the previous year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII : NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Telephone and Other Communication Services. In the furnishing of telephone and other communication services, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable, both directly and indirectly, from the Cooperative's operating income in the furnishing of communication services in excess of operating costs and expenses properly chargeable against the furnishings of communication service. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The method of allocating such credits shall conform to generally accepted practices of telephone cooperatives and state law governing the allocation of capital credits. The specific methodology used will consider the sources of such receipts, with consideration given to the measurement of both direct and indirect receipts. The total of the patrons' capital credits shall be apportioned among the several patrons on the basis of their respective patronage of this Cooperative and may be apportioned on the basis of their respective patronage of, and the net proceeds resulting from, the operations of the various pools or departments of this Cooperative and from the various kinds, qualities, grades, quantities and values of products or services or equipment. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so accredited to his or her account. The individual capital accounts shall be maintained in a manner so that the capital

furnished relative to the furnishing of telecommunications information services can be distinguished from the allocation of capital derived from non-operating and other income. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amount for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, 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, allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital credited to the account of patrons, as herein provided.

All other amounts received by the Cooperative as non-operating income, which shall include but not be limited to interest income, dividends, capital gains and other miscellaneous income, in excess of costs and expenses, may, at the discretion of the Board and insofar as permitted by law:

- (a) Be reserved as unallocated retained earnings, and shall not be allocated to the Cooperative's patrons on a patronage basis as a part of the capital credited to the accounts of patrons, as herein provided; and
- (b) Be used for business purposes as determined by the Board.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis 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 the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method, and type of retirement, and may include the retirement of capital furnished from non-operating and other income on a cycle basis different from the retirement of capital furnished relative to telecommunications and information services.

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

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and patron are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each patron of the Cooperative by placing it in a conspicuous place in the Cooperative's office.

ARTICLE VIII : ENCUMBERING OR DISPOSING OF PROPERTY; MERGERS AND CONSOLIDATIONS

SECTION 1. Encumbering of Property. The Board shall have the power, which may be exercised only by a majority vote of all the directors, to authorize and approve the borrowing of money. The Board shall have power, which may be exercised only by a vote of the majority of all of the directors, to take any necessary action to secure any present or future indebtedness of the Cooperative to the United States of America or any Department thereof or any Agency

thereof or any Instrumentality thereof, or any other lender by the giving of any security instrument, mortgage, security agreement upon covering the Cooperative's rights, privileges, authority and franchises, revenues and any and all other property, real or personal. The Board shall designate in their vote who shall execute the said document or documents including any Notes.

SECTION 2. Other Disposition of Property. Except as authorized by the members, the Board may not dispose of all or substantially all of the Cooperative's fixed assets. At any meeting, the members may authorize the disposition of all or substantially all of the Cooperative's fixed assets if notice of such disposition has been given to all persons entitled to vote thereon, and such disposition has been approved by three-fourths (3/4) of those voting at the meeting in the presence of a quorum.

SECTION 3. Mergers and Consolidations. If otherwise lawful, the Cooperative may merge or consolidate with another business entity only pursuant to a written plan of merger or consolidation setting forth the terms of such merger or consolidation and the effect of the merger or consolidation upon the members. Such written plan of merger or consolidation shall also have been approved of by not less than a five-sevenths (5/7) majority of all members of the Cooperative's Board including the chairperson, and by the following majorities of the members of the Cooperative (as applicable):

(a) In the case of a merger or consolidation in which the ultimate surviving entity is a member-owned communications cooperative in which membership is determined by patronage and residency, the majority of members required to approve such plan of merger or consolidation shall be a simple majority of those members present and entitled to vote at a duly called and noticed meeting held for such purpose;

(b) In the case of a merger or consolidation of the Cooperative and a wholly-owned subsidiary of the Cooperative after which membership in the Cooperative remains based upon patronage and residency, the majority of members required to approve such plan of merger or consolidation shall be a simple majority of those members present and entitled to vote at a duly called and noticed meeting held for such purpose; and

(c) In all other cases of merger or consolidation, the majority of members required to approve such plan of merger or consolidation shall be a majority of three-fourths (3/4) of those members present and entitled to vote at a duly called and noticed meeting held for such purpose.

SECTION 4. Cash and Cash Equivalents in the Event of Merger or Consolidation. In the event of a merger or consolidation of the nature described in Article V, Section 3 (c) above, the plan of merger or consolidation shall, among other things, include a provision requiring that prior to the consummation of the merger or consolidation, the cash and cash equivalents of the Cooperative (determined in accordance with Generally Accepted Accounting Principles) be paid to the members of the Cooperative in retirement of a corresponding portion of the members' unretired patronage capital in the Cooperative, such that following such retirement and immediately prior to the consummation of the merger or consolidation, the Cooperative has positive working capital of one dollar (\$1.00) determined in accordance with Generally Accepted Accounting Principles. The provisions of Article VIII, Section 4 may be waived by the affirmative vote of not less than a five-sevenths (5/7) majority of all members of the Cooperative's Board including the chairperson.

ARTICLE IX : SEAL

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

ARTICLE X : FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these Bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

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

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

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

ARTICLE XI : MISCELLANEOUS

SECTION 1. Membership in Non-Profit Organizations. The Cooperative may upon authorization of the Board, purchase stock in or become a member of any corporation or organization that is organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural cooperatives, or of any other organization which the Board believes will be beneficial to the Cooperative.

SECTION 2. Membership in Other Organizations. The Cooperative may upon authorization of the Board purchase stock in or become a member of any other organization or corporation and the Board shall report any such purchase of stock in or membership in any such organization at the next annual meeting of members.

SECTION 3. Waiver of Notice. Any member or director may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member 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 4. Policies, Rules, and Regulations. The Board shall have the power to make and adopt such policies, rules, and regulations, not inconsistent with law, the Articles of Incorporation, or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 5. Accounting System and Reports. The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utility Service of the United States of America. The Board shall also cause to be made by a certified public accountant a full and complete annual audit of the accounts, books, and financial condition of the Cooperative. The results of such audit shall be reported to the members at the next following annual meeting.

SECTION 6. Area Coverage. The Board shall make diligent effort to see that telephone service is extended to all unserved persons within the Cooperative service area who:

(a) Desire such services; and

(b) Meet all reasonable requirements established by the Cooperative as a condition of such service.

SECTION 7. Patron Defined. "Patron" means any member who purchases products or services provided in the normal course of business of the Cooperative. The term patron does not include a telecommunications company which purchases any products or services from the Cooperative or pays any fees or settlements to the Cooperative, other than local telecommunications exchange services.

SECTION 8. Indemnification. The Cooperative shall indemnify any person who was or is a party or is threatened to be made a party to any threatened pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the Cooperative, by reason of the fact that he or she is or was a director, officer, employee, or agent of the Cooperative, or is or was serving at the request of the Cooperative as a

director, officer, employee, or agent of another corporation, partnership, joint venture, limited liability cooperative, association, or other enterprise, against expenses including reasonable attorney's fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with the action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Cooperative and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her contract was unlawful.

The Board by resolution may make any indemnification provided for in the preceding paragraph.

The Board by resolution may establish in advance an indemnification plan based upon a majority vote of a quorum. The Board may expend sums of money for coverage by insurance for all or any part of the indemnification provided for in the preceding paragraph.

ARTICLE XII : AMENDMENTS

SECTION 1. These Bylaws may be adopted, amended or repealed by a majority of the members present at a meeting, provided that the members voting must be sufficient in number to constitute a quorum as required by these Bylaws.

SECTION 2. Pursuant to the provisions of SDCL 47-15-16, Bylaws may be adopted and amended by the Board; provided that any Bylaw adopted or amended by the Board shall be reported at the next regular member meeting. Any such Bylaw shall be at any time subject to amendment or repeal by the members.