

**BY-LAWS  
OF  
POLAR COMMUNICATIONS MUTUAL AID CORPORATION**

**Revised March 2022**

**ARTICLE I  
MEMBERSHIP**

SECTION 1. **Eligibility.** Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Polar Communications (hereinafter called the "Cooperative") upon receipt of wire line telephone service or broadband internet services (hereinafter referred to simply as "services") from the Cooperative. Membership is automatic and instantaneous upon receipt of service; however, each member shall:

- (a) Make a written application for membership for the Cooperative's records;
- (b) Agree to purchase services from the Cooperative in accordance with established tariffs, as well as pay other charges for services that the member uses and the Cooperative is obligated by law or contract to collect;
- (c) Agree to comply with, and be bound by, the Articles of Incorporation and By-Laws of the Cooperative and any rules and regulations adopted by the Board; and

The status of all memberships shall be reflected upon the books of the Cooperative and no membership certificates will be issued.

SECTION 2. **Definition and Classifications.**

- (a) Membership in the Cooperative is effected by:
  - (1) Procuring the Cooperative's central office dial tone or broadband internet service or
  - (2) Providing a continuing periodic telecommunications revenue stream for the Cooperative.

The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership.

- (b) The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, the definitions, the types, the qualifications and rights of each class shall be determined by the Board and set forth in these By-Laws.
- (c) Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunications

services to members are neither members nor patrons by virtue of division of revenue contracts.

- (d) Each time sharing or interval ownership premise is considered as a single corporate member. The owner of seasonal, recreational and short-interval rental properties will be deemed to hold the membership.

No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferable except on the books of the Cooperative and as provided for in the By-Laws.

All memberships in the Cooperative are extended only to individual persons (natural or corporate) who meet the requirements of 1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of this current edition of By-Laws, no new joint memberships will be established. Individual memberships will be freely transferable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. Thus, the term "member" as used in these By-Laws shall refer to an individual but can, on a grandfathered basis, be deemed to include a husband and wife still holding joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of the joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (1) 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;
- (2) The vote of either separately or both jointly shall constitute one joint vote;
- (3) A waiver of notice signed by either or both shall constitute a joint waiver;
- (4) Notice to either shall constitute notice to both;
- (5) Expulsion of either shall terminate the joint membership;
- (6) Withdrawal of either shall terminate the joint membership;
- (7) Either, but not both, may be elected or appointed as an officer or board member if individually qualified;
- (8) Upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

**SECTION 3. Membership Fees.** There shall be no membership fees.

**SECTION 4. Purchase of Services.** Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The member shall pay therefore monthly at rates in accordance with either established tariffs as fixed by the Board, or for the services rendered by other carriers, at the rates which the

Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these By-Laws. However, the Cooperative is not obligated to furnish such credits for services, which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by him to the Cooperative as and when the same shall become due and payable.

**SECTION 5. 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 the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws, or rules and regulations adopted by the Board, but only if such members shall have been given notice by the Cooperative that such failure makes him 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.
- (b) Upon the withdrawal, death, cessation of service or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative nor do unpaid bills release a member from his obligations under these By-Laws or rules and regulations approved by the Board.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of any membership fee credited to the member's account, provided, however, that the Cooperative shall deduct from the amount of the membership fee, the amount of any debts or obligations owed by the member of the Cooperative.

**ARTICLE II  
RIGHTS AND LIABILITIES OF MEMBERS**

**SECTION 1. Property Interest of Members.** Upon dissolution, after (a) all debts and liabilities of the Cooperative shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these By-Laws, and (c) all the remaining property and assets of the Cooperative shall be distributed among the members and former 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.

**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 on such day in the month of June of each year as the directors, from time to time, shall determine, such meeting to be held at Park River, North Dakota. If the members are allowed to participate in the meeting by electronic participation, such meeting shall originate at Park River, North Dakota. The annual meeting shall be 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, but it shall be the duty of the board to select an alternate, subsequent date for such annual meeting which date shall not be more than one hundred twenty (120) days later than the first designated date. The Board of Directors, prior to the time for notice to be given of the annual meeting, may determine that the annual meeting be held in person and/or by electronic participation of the members or a combination of both, so long as, the members are able to participate in the proceedings as they transpire.

**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 directors, by the President, or by not less than 200 members or ten per centum 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 in any county where service is provided by the Cooperative in the State of North Dakota, specified in the notice of the special meetings. The Board of Directors, prior to the time for notice to be given of the annual meeting, may determine that the annual meeting be held in person and/or by electronic participation of the members or a combination of both, so long as, the members are able to participate in the proceedings as they transpire.

**SECTION 3. Notice of Members' Meetings.** Written notice stating the place, day and hour of the meeting and, in the 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 days nor more than thirty 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. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage 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 of such meeting. If members are allowed to participate by electronic participation, the notice shall include information for how a member may access the meeting.

**SECTION 4. Quorum.** Business may not be transacted at any meeting of the members unless, there are present in person, or participating by electronic participation, in which all members in person and all members participating by electronic participation are able to participate in the proceedings as they transpire, at least fifty (50) members of the Cooperative, except that, if less than a quorum is present at any meeting, a majority of those present in person, or participating by electronic participations, in which all members may participate in the proceedings as they transpire, may adjourn the meeting to another time and date; provided that, the Secretary shall notify any absent members, or any members not participating in the adjourned meeting, of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3 of this Article.

**SECTION 5.**

**A. Voting.** Each member shall be entitled to only one vote upon each matter submitted to a vote. 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 By-laws. All elections shall be decided by a plurality of the members voting thereon. Organizational members, such as partnerships, corporations, and limited liability companies shall be considered as members under ARTICLE I.

**B. Voting by Mail and Electronic Means.** Any member may vote by mail or electronic means for directors and the absentee ballot(s) or the procedures for requesting absentee ballots shall be mailed with the notice of the annual meeting. Voting by mail or electronic means for directors or any other matters shall only be allowed and authorized by, and at the discretion of, the Board of Directors.

**C.** Each mail or electronic ballot must:

- (1) provide an opportunity to vote for or against each proposed action;

- (2) contain, or be accompanied by,
  - (a) a copy or summary of such proposed action, including any motion, resolution, amendment or other written statement, and identify any candidate upon which a member is asked to vote;
  - (b) the date of any member meeting at which the members are scheduled to vote on the matter;
  - (c) the percentage of approvals necessary to approve the action;
  - (d) instructions to the member on how to complete and return the completed ballot; and
  - (e) the time by which the Cooperative must receive the completed ballot for it to be counted.

The failure of any member to receive a ballot shall not invalidate any action which may be taken by the members at a meeting.

**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 meetings:

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 or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

## **ARTICLE IV DIRECTORS**

**SECTION 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of nine directors which shall exercise all of the

powers of the Cooperative except such as are by law, the articles of incorporation or these By-Laws conferred upon or reserved to the members.

**SECTION 2. Election and Tenure of Office.** At each annual meeting of the members, Directors shall be elected. When there is competition for the Board seat, directors shall be elected by Board authorized ballot. They shall be elected by and from the members to serve a three (3) year term, or until their successors shall have been elected and shall have qualified, and that terms of the directors shall be staggered to ensure continuity. No more than one (1) Director shall be elected or serving from any one telephone exchange at the same time. No member shall be allowed to serve as a director for more than seven consecutive elected terms. 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 at a reasonable time thereafter. Directors shall be nominated and elected as provided hereinafter. Directors shall be elected by a plurality vote of the members voting by mail or electronic means where authorized. Drawing by lot shall resolve any tie votes.

The Cooperative is divided into three (3) separate geographical districts and from each shall be elected one director to the Board of Directors each year. Each district therefore shall be entitled to three (3) directors. Members shall be eligible to vote for every director. District No. 3 shall also have a sub district, which shall be entitled to one of the three directors for District No. 3. Such sub district will be the area for director election, for District No. 3 every third year.

The geographic district areas are set forth as follows:

District No. 1 consisting of the following exchanges:  
Cavalier, Neche, St. Thomas, Drayton, and Pembina;

District No. 2 consisting of the following exchanges:  
Park River, Hoople, Crystal, Edinburg, Nekoma, Fairdale, Fordville, Adams and Edmore;

District No. 3 consisting of the following exchanges:  
Brocket, Lankin, Dahlen, Michigan, Inkster, Niagara, Petersburg, Aneta, Gilby, Lakota, and the three following exchanges shall be the sub district of District No. 3, and those exchanges shall be as follows:  
Arthur, Hunter, and Galesburg.

These geographic districts have been created based upon considerations of both geography and population. The Board of Directors, by policies of general application, shall review the districts to ensure the equitable distribution of directors throughout the population and geography of the area served by the Cooperative.

SECTION 3. **Qualifications.** No person shall be eligible to become or remain a director of the Cooperative who:

- (a) is not a natural person, or;
- (b) is not a member in good standing (a member in good standing is a member who takes wire line telephone service or broadband internet service from Polar and pays all amounts owed to Polar as and when such amounts are due and payable), or;
- (c) is not presently residing or has not resided for the past two consecutive years, or shall not remain a resident of the area served or to be served by the Cooperative, or;
- (d) is in any way employed by or financially interested in a competing enterprise or business engaged in selling communication service or supplies or constructing or maintaining facilities, or;
- (e) is a current employee or the spouse of any employee, or;
- (f) is a former employee who has been employed by the Cooperative on a full time basis during the past five (5) years, or is the spouse of a former employee, nor a former employee or spouse thereof, who is covered by any retirement or insurance benefit paid for partly or completely by the Cooperative.
- (g) is a convicted felon of any State or Federal crime, or;
- (h) has filed for bankruptcy at any time, or;
- (i) is not able to attend a minimum of ten (10) regular scheduled board meetings, beginning with the board meeting in the month elected.

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.

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. **Nomination by Petition.** Nomination of directors shall be by petition only. Any qualified member, meeting the requirements of Section 3 of this Article, may run for director. Qualified members must request an application and petition from the cooperative headquarters, not less than ninety (90) days prior to the annual meeting. Members shall submit a completed application and a petition containing a minimum of thirty (30) signatures of cooperative members from the district in which the applicant resides, to the cooperative secretary not less than seventy-five (75) days prior to the annual meeting. The secretary shall certify to the qualifications of the applicant and the accuracy of the petition content.

If there are more than three petitioners in one district, the Board of Directors may appoint a committee. No board member who is running for election or any "closely related relative" of any board member shall serve on this committee. No employee of the



cooperative or any “closely related relative” of an employee shall serve on this committee. “Closely related” means a person who is related to the principal person by consanguinity or affinity, to the second degree or less, that is , spouse, child, adopted child, child of spouse, parent, grandparent, brother, sister, aunt, uncle, nephew, niece, by blood or in-law of the principal.

The committee shall review all applications, conduct interviews if deemed appropriate, and select not more than three (3) candidates for each vacant director position. The committee is under no obligation to select any candidate. The cooperative secretary shall certify the names of the candidates for election, not less than sixty (60) days prior to the annual meeting. The secretary shall mail with the notice of the annual meeting or separately, but at least ten (10) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates.

Notwithstanding the timelines set forth above, in the event of an uncontested election, when the petitioner becomes unqualified after he or she has already been certified, the Board of Directors has the authority to adopt an appropriate nomination process.

**SECTION 5. Removal of Board Member by Members and Resignations.** Any member may bring charges, relating to the duties and responsibilities of his position, against a Board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten (10) percent of the members, or two hundred (200), whichever is the lesser, may request the removal of such Board member by reason thereof. Such Board member shall be informed in writing of the charges at least ten (10) days prior to the 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 to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members. No director shall be removed from office unless by a vote of two-thirds (2/3) of the members present.

A director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary of the Cooperative. A resignation is effective when the notice is delivered unless the notice specifies a future date. The pending vacancy may be filled before the effective date but the successor shall not take office until the effective date.

**SECTION 6. Vacancies.** A vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Board members 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 also have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nominations.

Removal of Board Member by Board of Directors. The board of directors may discipline or expel a member based upon a member's conduct which violates the director code of conduct, which code of conduct is a policy as established by the board of directors by a majority vote.

The discipline, removal or expulsion of a director may be made only upon a vote of at least two-thirds (2/3) of the whole board after consideration of the violation or violations by the board.

**SECTION 7. Compensation.** Directors shall receive such per diem, benefits and expense allowance for attendance at Director's meetings and for other services rendered for the cooperative, as the Directors from time to time shall allow and ordered paid.

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 Director or close relative shall have been certified by the Board as an emergency measure.

## **ARTICLE V MEETINGS OF DIRECTORS**

**SECTION 1. Regular Meetings.** A regular meeting of the Board shall be held without notice, immediately after the annual meeting of the members at the Cooperative's headquarters. A regular meeting of the Board shall also be held monthly at such time and place in any county in North Dakota named by the Board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. Director attendance at board meetings shall be in person whenever possible. In the absence of personal attendance, a director may attend by telephone or interactive video.

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

**SECTION 3. Notice of Director's Special Meetings.** Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each director not less than five days previous thereto either personally, by phone, e-mail, facsimile, 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. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage

thereon prepaid. If notification is by electronic mail, such notice shall be considered delivered at time of transmitting.

SECTION 4. **Quorum.** A majority of the Board shall constitute a quorum, provided that if less than such a 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 meeting at which a quorum is present shall be the act of the Board.

## **ARTICLE VI OFFICERS**

SECTION 1. **Number.** The officers of the Cooperative shall be a President, Vice President, Secretary-Treasurer, and such other officers as may be determined by the Board from time to time.

SECTION 2. **Election and Term of Office.** The officers shall be elected by ballot, if there is a contest, and if not, by voice vote or any other method designated by the person presiding. They shall be elected 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 a successor shall have been elected and shall have qualified. Except as otherwise provided in these By-Laws, 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 Directors.** Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interests of the Cooperative will be served thereby. 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 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 the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the board does not remove such officer, the question of his removal shall 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, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent to 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.
- (d) Notwithstanding the duties, responsibilities and authorities of the President, hereinbefore provided in this section in subparagraphs (a) through (c), the Board of Directors, by resolution, may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of the duties to one or more agents, or employees of the cooperative who are not Directors. To the extent that the Board does so delegate with respect to the President's duties, the President, as such, shall be released from such duties, responsibilities and authorities.

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

- SECTION 6. **Secretary-Treasurer.** The Secretary-Treasurer shall:
- (a) Keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
  - (b) See that all notices are duly given in accordance with By-Laws or as required by law;
  - (c) Insure the safekeeping at the company headquarters of the corporate records and of the seal of the Cooperative and affix 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 By-Laws;
  - (d) Keep a register of the names and the post office addresses of all members;

- (e) Be in charge of the books of the Cooperative;
- (f) Keep on file at the Cooperative headquarters at all times a complete copy of the Articles of Incorporation and By-Laws 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, forward a copy of the By-Laws and of all amendments thereto to each member, and
- (g) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board;
- (h) Be in charge of and be responsible for all funds and securities of the Cooperative;
- (i) Be responsible and oversee 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 By-Laws; and
- (j) 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 him by the Board.
- (k) Notwithstanding the duties, responsibilities and authorities of the Secretary-Treasurer, hereinbefore provided in this section in subparagraphs (a) through (j) the Board of Directors, by resolution, may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of the duties to one or more agents, or employees of the Cooperative who are not Directors. To the extent that the Board does so delegate with respect to the Secretary-Treasurer's duties, the Secretary-Treasurer, as such, shall be released from such duties, responsibilities and authorities.

**SECTION 7. Chief Executive Officer.** The Board shall appoint a Chief Executive Officer. He/She shall perform such duties and shall exercise such authority as the Board shall from time to time vest in him/her.

**SECTION 8. 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 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 9. 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.

**SECTION 10. Reports.** The officers of the Cooperative shall submit at each annual meeting of the member's reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII NON-PROFIT OPERATION**

**SECTION 1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefits 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 Telecommunications and Information Services (Patronage Business).** In the furnishing of telecommunications and information 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 insure that the Cooperative will be operated on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from and directly related to the furnishing of telecommunications and information services in excess of patronage costs and expenses properly chargeable against the furnishing of such services, hereinafter referred to as margins from patronage business. All such margins from patronage business 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 margins from patronage business. The books and records of the Cooperative shall be set up and kept in such manner that at the end of each fiscal year the amount of 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 credited to his account; provided that individual notice of such amounts furnished by each patron shall not be required if the Cooperative notified all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself or herself the specific amounts of capital so credited to him or her. All such amounts credited to the capital account of any patron shall have the same status as though it 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 amounts for capital.

All other amounts received by the Cooperative in excess of costs and expenses other than from the furnishing of patronage business shall, insofar as permitted by law, be:

- (1) Used to offset any losses incurred during the current or any prior fiscal year, and
- (2) Allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board, or
- (3) Used to establish and maintain a reserve which may be utilized for payment of income taxes or for any other purpose determined in accordance with generally accepted accounting principles, with such reserve not assignable to patrons prior to dissolution of the cooperative.

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 then 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.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or in a part of such patron's premises served by the Cooperative unless the Board, acting under policies of general application, shall authorize other types of assignments. Patrons at any time may assign their capital credits back to the Cooperative and the Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.

Notwithstanding any other provision of these By-Laws, the Board, at its discretion shall have the power to retire the capital credited to certain patrons under the following terms and conditions, provided, however, that the financial condition of the Cooperative will not be impaired thereby:

- A. The Board shall have the power at any time upon the death of any natural patron, if the legal representative of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would be retired in a general retirement under provisions of these By-Laws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application and the legal representative of such patrons' estate shall agree upon.
- B. The Board shall have the power at any time after receiving sufficient legal proof and notice that a member or former member in the

Cooperative has reached the age of seventy-five (75) years, if said member shall request that the capital credited to the member be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws. That each member qualifying for this provision is entitled to the early retirement of capital credits on only one occasion, and not on a yearly basis. That such retirement of capital credits shall be upon terms and conditions as the Board acting under policies of general application shall agree upon with said member or former member.

- C. In the companies discretion, and at any time, if there are unpaid amounts owing by the member to the company, the credits to the individuals capital account shall be applied in satisfaction of any debt to the company prior to payment of the capital credits to any estate, retirement, or otherwise.
- D. The Board shall have the power at any time after receiving sufficient proof and notice to consider premature retirements in their entirety for sold or dissolved corporations, LLC's, or partnerships.

When the capital credits of any patron no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at that same time that a general retirement to other patrons 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 of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these By-Laws.

SECTION 3. In the event, any distribution of proceeds, capital credits, redemption of or payment based upon any security of Polar Communications Mutual Aid Corporation, which remains unclaimed six (6) years after the date, authorized for retirement or payment in cash or other property, may be forfeited by the Board of Directors. Any amount forfeited shall revert to Polar Communications Mutual Aid Corporation and be covered into the general fund thereof, if, at least six (6) months prior to the declared date of forfeiture, notice that such payment is available has been mailed to the last known address of the person shown by the records to be entitled thereto, or if the address is unknown, by publications in accordance with the applicable statutes of the State of North Dakota.

Section 4. The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract with the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron



had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office or by publication distributed by the Cooperative to its patrons.

**ARTICLE VIII  
DISPOSITION AND PLEDGING OF PROPERTY  
DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION**

**SECTION 1. Disposition and Pledging of Property.** The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion in excess of ten percent (10%) of its total assets unless such sale, mortgage, lease or other disposition or encumbrance is:

- (a) Authorized at a meeting of the then-total members by the affirmative vote cast in person, without proxies, of at least two-thirds (2/3) of the total members of the Cooperative, and
- (b) Authorized by the holders of at least seventy-five percent (75%) of the outstanding indebtedness of the Cooperative, and
- (c) Proceeded by a notice of meeting at which such sale, mortgage, lease or other disposition or encumbrance is to be voted on.

Notwithstanding the foregoing provisions of this Section, the members of the Cooperative may, by the affirmative majority of votes cast in person or by proxy at any meeting of the members, delegate to the Board the power and authority:

- (1) To borrow monies from any source and in any such amounts as the Board may from time to time determine are needed in pursuit of the Cooperative's business purposes, and
- (2) To mortgage or otherwise pledge or encumber any and all of the Cooperative's property or assets as security therefore, and
- (3) With respect to other cooperative organizations only, to sell and lease back any of the Cooperative's property or assets.

Supplementary to the foregoing paragraphs of this Section and any other applicable provisions of law or these By-Laws, no sale, lease, lease-sale, exchange,

transfer or other disposition within a single calendar year, of physical plant of the Cooperative with net value in excess of ten percent (10%) of the Cooperative's total assets, based upon the most recent audit of the Cooperative, shall be authorized except in conformity with the following:

- (1) If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent nonaffiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition, and as to any other terms and conditions which should be considered. The three (3) independent appraisers shall be designated by a district court resident judge for the judicial district in which the Cooperative's headquarters are located. If such judge refuses to make such designations, they shall be made by the Board.
- (2) If the Board, after receiving such appraisals (and other terms and conditions which are submitted if any), determines that the proposals should be submitted for consideration by members, it shall first give by notice in appropriate publications other cooperatively organized or owned communication entities in North Dakota an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals, which the Cooperative has already received, and copies of the respective reports of the three (3) appraisers. Such other interested cooperatively organized entities shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal, which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) nor more than thirty (30) days after giving the Notice thereof to the members; provided that consideration and

action by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting.

- (4) Any fifty (50) or more members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

The provisions of (1), (2), (3) and (4) above shall not apply to a sale, lease, lease-sale, exchange, transfer or other disposition to one or more telephone cooperatives if the substantive or actual legal effect thereof is to merge or consolidate with such other one or more telephone cooperatives.

**SECTION 2. Dissolution.** The Cooperative may be dissolved by filing, as hereinafter provided, a certificate which shall be entitled and endorsed "Certificate of Dissolution of Polar Communications Mutual Aid Corporation" and shall state:

- (1) Name of the Cooperative, and if such Cooperative is a corporation resulting from a consolidation as herein provided, the names of all the original corporations or cooperatives.
- (2) The date of filing of Certificate of Incorporation, and if such Cooperative is a Cooperative resulting from a consolidation as herein provided, the dates on which the Certificates of Incorporation of the original corporations were filed.
- (3) That the Cooperative elects to dissolve.
- (4) The name and post office address of each of its directors, and the name, title and post office address of each of its officers.

Such Certificate shall be subscribed and acknowledged in the same manner as an original Certificate of Incorporation by the president or a vice president, and the secretary or an assistant secretary, who shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the votes cast in person of at least two-thirds (2/3) of its total membership voting without proxies and that

the dissolution has been authorized by at least seventy-five percent (75%) of the holders of the indebtedness of the Cooperative.

A Certificate of Dissolution and a certified copy or copies thereof shall be filed in the same place as the original Certificate of Incorporation and thereupon the Cooperative shall be deemed to be dissolved.

Such Cooperative shall continue for the purpose of paying, satisfying and discharging any existing liabilities or obligations and collecting or liquidating its assets, and doing all other acts required to adjust and wind up its business and affairs, and may sue and be sued in its corporate name.

**SECTION 3. Distribution of Surplus Assets On Dissolution.** Any assets remaining after all debts and liabilities of the Cooperative shall have been paid shall be disposed of pursuant to the previous provisions of these By-Laws to the members entitled to the same under a pro-rata basis; provided, however, that, if in the judgment of the Board the amount of such surplus is too small to justify the expense of making such distribution, the Board may, in lieu thereof, donate or provide for the donation of, such surplus to one or more non-profit, charitable or educational organizations that are exempt from federal income taxation.

## **ARTICLE IX SEAL**

The Corporate Seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the names of the Cooperative and the words "Corporate Seal (Name of the State)".

## **ARTICLE X FINANCIAL TRANSACTIONS**

**SECTION 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 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 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. **Change in Rates.** Written notice shall be given to the Administrator of RUS 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 the Cooperative for communications service becomes effective.

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

SECTION 6. **Indebtedness.** The Board of Directors shall have full power to incur liabilities, borrow money, and increase the indebtedness of the Cooperative in accordance with general law.

SECTION 7. **Indemnity.** The Cooperative, to the full extent permitted by law, shall indemnify any director, officer, employee, or agent of the Cooperative against his or her expenses, including attorney's fees, and for judgments, fines and amounts paid in settlement, actually and reasonably incurred by him or her in connection with any proceeding which includes such director, officer, employee or agent of the Cooperative by reason of his or her being or having been such director, officer, employee or agent.

## **ARTICLE XI MISCELLANEOUS**

SECTION 1. **Membership in Other Organizations.** The Cooperative 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 the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization for the purpose of engaging in or furthering the cause of area-wide communications service, or with the approval of the Administrator of RUS, of any other corporation for the purpose of acquiring communications facilities or assuring more adequate communications service to its member. The Directors shall also have full power and authority to become a member or invest funds in other business entities doing business within its trade area that will either further the purposes of the Cooperative or contribute to the economic development of the trade area of the Cooperative.

SECTION 2. **Waiver of Notice.** Any member or director may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by

such member or director, except in case a member or director shall attend a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting has not been lawfully called or convened.

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

**SECTION 4. Accounting System and Reports.** The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of RUS of the United States of America. 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 the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

## **ARTICLE XII AMENDMENTS**

These By-Laws may be altered, amended, or repealed by the affirmative vote of not less than two-thirds (2/3) of the Board of Directors at any regular or special meeting.

Provided further, that the By-Laws may be altered, amended, or repealed by an affirmative vote of a majority of the members at the annual meeting or at any other regular or special meeting of the members, provided that the members voting must be sufficient in number to constitute a quorum.

Any By-Law altered, amended, or repealed by the Board of Directors shall be reported at the next regular member meeting, at this time the membership may amend, alter, or repeal such reported By-Law without notice as otherwise required by these By-Laws.

It is further provided that no By-Law may be altered, amended, or repealed by either the members or the Board of Directors unless the notice of the member or board meeting, as the case may be, at which such alteration, amendment, or repeal shall be acted upon shall have contained a copy of the proposed alteration, amendment, or repeal or an accurate summary explanation thereof.