

OTZ Telephone Cooperative, Inc.
Official Bylaws
Amended as of May 26, 2023

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ARTICLE I

MEMBERSHIP

SECTION 1.1. Eligibility.

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of OTZ (the "Cooperative") upon receipt of telecommunications and information services ("service") from the Cooperative. Membership is automatic and instantaneous upon receipt of service; however, each member shall make a written application for membership for the Cooperative's records; shall 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; shall agree to comply with, and be bound by, the Articles of Incorporation and Bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors ("Board"); and shall pay any membership fee as hereinafter may be specified. The status of all memberships shall be as reflected upon the books of the Cooperative and no membership certificates will be issued.

SECTION 1.2. Definition and Classifications.

Membership in the Cooperative is effected by procuring the Cooperative's central office dial tone, or by 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.

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, settlement or access arrangements and other tariffed charges these carriers pay in the provision of services to their end users. The Board has the authority to determine all questions dealing with member or patron status as well as capital credit allocation issues for large users of the cooperative's facilities. Each time-sharing or interval ownership premise is considered as a single corporate member. The corporation holding the seasonal, recreational and short-interval rental properties will be deemed to hold the membership.

No membership in the Cooperative shall be transferrable, except on the books of the Cooperative and as provided in these Bylaws.

All individual memberships in the Cooperative are extended only to individual persons (natural or corporate) who meet the requirements of Section 1.1. Individual memberships will be freely transferrable on the books of the Cooperative between any persons in the same household or corporation upon request in writing. A husband and wife or any two persons who occupy the same household and qualify under the provisions of Section 1.1 above may apply for a joint membership. Thus, the term "member" as used in these Bylaws shall refer to both an individual as well as a joint membership. All provisions relating to the rights and liabilities of membership shall apply equally with respect to both types of memberships.

With respect to joint memberships: 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; the vote of either separately or both jointly shall constitute one joint vote; a waiver of notice signed by either or both shall constitute a joint waiver; notice to either shall constitute notice to both; the divorce of the parties or the expulsion or

withdrawal of either shall terminate the joint membership; either, but not both, may be elected or appointed as an officer or director if individually qualified; upon the death of either party to the joint membership, such membership shall be converted to an individual membership, provided that the estate of the deceased shall not be released from any debts due the Cooperative.

An individual membership may be converted to a joint membership upon written request of the individual member and upon the joint members' agreement to comply with the Cooperative's Articles of Incorporation, these Bylaws, and any rules and regulations adopted by the Board of Directors.

Notwithstanding the foregoing, the Cooperative may furnish, improve, and expand telephone and related telecommunication service to non-member users as provided in AS 10.25.030 or other applicable provision of law.

SECTION 1.3. Membership Fees.

The membership fee, if any, shall be determined by the Board at a uniform amount. The Board may dispense with the initial payment of a membership fee, allowing the amount of such membership fee to be taken from the first capital credits accruing to the member's account. Membership fees taken from accrued capital credits shall not be refunded upon termination of membership but will be paid out under the provisions of the Cooperative's general and special capital credit retirement Bylaws.

SECTION 1.4. Purchase of Services.

Each person who applies for service shall, as soon as service is available, take service from the Cooperative and shall pay for service 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 those 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 Bylaws. 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 the member to the Cooperative as and when the same shall become due and payable.

SECTION 1.5. Termination of Membership.

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 the directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, tariffs, or rules and regulations adopted by the Board, but only if such member shall have been given notice by the Cooperative that such failure makes the member liable to expulsion and if such failure shall continue 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.

Upon the withdrawal, death, cessation of service or expulsion of a member, the member's membership shall terminate and will be so recorded on the books of the Cooperative. Termination of membership in any manner shall not release a member or the estate of an individual member from any debts due the Cooperative, nor do unpaid bills release members from their obligations under these Bylaws or any tariffs or rules and regulations approved by the Board.

In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of any membership fee, if any, to be 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 to the Cooperative.

ARTICLE II

RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS

SECTION 2.1. Service Obligations.

The Cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member. The members pledge to purchase all services from the Cooperative to the extent that its services are able to meet the members' needs and are competitively priced.

SECTION 2.2. Cooperation of the Members in the Extension of Services.

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

SECTION 2.3. Nonliability for Debts of the Cooperative.

The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative, and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

SECTION 2.4. Property Interest of Members.

Upon dissolution, after all debts and liabilities of the Cooperative shall have been paid, after all capital furnished through patronage shall be retired as provided in these Bylaws, and after all membership fees shall have been repaid, 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 and former member bears to the total patronage of all such members on the date of dissolution unless otherwise provided by law.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 3.1. Annual Meeting.

The annual meeting of the members shall be held at a date and place within the State as selected by the Board, and shall be designated in the Notice of the Meeting for the purpose of electing directors, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold any portion of the annual meeting shall not work a forfeiture or dissolution of the Cooperative, nor shall it affect the validity of any corporate action. The Board may adopt policies to allow members to participate in the annual meeting by teleconference or similar communication that allows all participants to hear each other during the meeting. A member participating in this manner shall be considered present and to have attended the meeting in person.

SECTION 3.2. Special Meetings.

Special meetings of the members may be called by resolution of the Board or upon a written request signed by (3) directors, by the President, or by not less than ten percent (10%) of all the members. The secretary shall cause notice of such meeting to be given as provided below. Special meetings of the members may be held at any place within one of the districts served by the Cooperative as designated by the Board and as shall be specified in the Notice of the special meeting. The Board may adopt policies to allow members to participate in special meetings by teleconference or similar communication that allows all participants to hear each other during the meeting. A member participating in this manner shall be considered present and to have attended the meeting in person.

SECTION 3.3. Notice of Members' Meetings.

A written or printed notice of the members' annual meeting stating the place, day and hour of the meeting shall be delivered not less than fifteen (15) nor more than sixty (60) days before the date of the meeting. In case of a special meeting, such notice, along with the purpose or purposes for which the meeting is called, shall be delivered not less than 90 days or more than 120 days before the date of the meeting. All notices shall be delivered 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 holding membership as of the date of delivery. If mailed, such notice shall be deemed to be delivered when deposited postage prepaid in the United States mail, addressed to the member at the address appearing on the records of the Cooperative. Notice for a membership meeting under Article III may be provided for by electronic mail or text message within the time limits listed herein. If sent by electronic mail or text message, notice is considered given when the notice is sent to the member's telephone number, if the telephone is capable of receiving text messages, or the electronic mailing address on record with the Cooperative. The incidental or unintended failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 3.4. Postponement of a Meeting of the Members.

The President may postpone a meeting of members otherwise scheduled if, in the President's opinion, inclement weather or the occurrence of an event unforeseen at the time the meeting was scheduled is expected to have an impact in the region served by the Cooperative sufficient to affect the ability to obtain a quorum for the meeting. Notice of the postponement shall be given by the President in any media of general circulation or broadcast serving the area.

SECTION 3.5. Quorum.

Business may not be transacted at any meeting of the members unless there are present fifty (50) members or, if OTZ membership is no more than 1,000 members, then when at least 5% of the membership is present, except that if less than a quorum is present at any meeting, a majority of those present may adjourn the meeting to another time and date, provided that the secretary shall notify any absent members of the time, date, and place of such adjourned meeting by delivering a notice as provided in Section 3.3. At all meetings of the members, whether a quorum is present or not, the secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present. For purposes of determining a quorum, a member who votes on a matter by electronic communication or by mail in accordance with Article III Section 3.7, is considered present and to have attended the meeting in person for the matter on which the member voted.

SECTION 3.6. Voting at Meetings.

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. Proxy voting is prohibited by Alaska law. Voting by members other than members who are natural persons shall be allowed upon presentation to the Cooperative, prior to each member meeting, satisfactory evidence entitling the person presenting the same to vote. All questions, except those involving multiple choice issues or determinations, shall be decided by a vote of a majority of the members voting thereon in person or by mail except as otherwise provided by law, the Articles of Incorporation, or these Bylaws. Multiple choice issues or determinations shall be decided by a plurality vote. In the election of directors, a voice vote may be permitted if there is no competition for the seat or seats to be filled. All ballots shall be counted by officials appointed for that purpose at the annual or special meeting.

SECTION 3.7. Voting by Mail and Electronic Means.

The members may vote at any annual meeting on a mailed official ballot. The only questions which may be submitted by mail voting are the election of directors and the amendment of these Bylaws. The secretary shall mail to each member, along with the notice of the meeting, the ballot on each question and a voting envelope. The ballot may be cast only in a sealed envelope which is authenticated by the member's signature and which, in order to be valid, must be received at the designated address by 12:00 (noon) three (3) calendar days prior to the meeting. A vote so cast shall be counted as if the member were present and voting in person. Mailed ballots shall be counted at the meeting by election officials appointed at such meeting.

The Board may adopt policies and procedures to allow members to vote at a meeting of the members by electronic means.

SECTION 3.8. Order of Business

The order of business at the annual meeting of the members and, so far as possible at all other meetings of the members, shall be conducted under policies established by the Board and under an agenda essentially as follows, except as otherwise may be determined by the members at the meeting:

- (a) Report on the number of members present in person in order to determine the existence of a quorum.
- (b) Reading of the Notice of the Meeting and proof of the timely publication or mailing thereof, or the waiver or waivers of Notice of Meeting, as the case may be.
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon unless minutes presented for approval shall have been furnished by a timely mailing or have been distributed at the meeting to all active members present. In such case, the President may entertain a motion from

the floor to dispense with the reading of such minutes.

- (d) Audit report of outside auditors, or a summary thereof.
- (e) Election of directors.
- (f) Presentation and consideration of reports of officers, trustees, and committees.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

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

ARTICLE IV

BOARD

MEMBERS

SECTION 4.1. General Powers.

The business and affairs of the Cooperative shall be managed by a Board of Directors consisting of seven (7) directors which shall exercise all of the powers of the Cooperative except those powers which are by law, the Articles of Incorporation, or these Bylaws conferred upon or reserved to the members. The directors shall be authorized to administer all matters necessary to the operation and management of the Cooperative and shall have all the powers and duties provided by applicable law.

SECTION 4.2. Election Process and Tenure of Office.

Directors shall be elected by the members at each annual meeting. Voting shall be by secret ballots when there is competition for the Board seat(s) to be filled. Directors shall be elected by and from the members to serve a three (3) year term, or until their successors shall have been elected and duly qualified. Directors may be elected by a plurality of the members. The terms of the directors shall be staggered so that roughly one-third (1/3) of the directors shall be elected each year, to ensure continuity. If an election of directors is not held on the day designated 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. All eligible members who are present in person at the meeting or voting by mail or by other means as provided in Article III above may vote. Drawing by lot shall resolve any tie votes. Directors shall be nominated and elected as provided below.

The Cooperative is divided into seven (7) geographic districts as follows:

- (a) District 1--Ambler, Shungnak, Kobuk;
- (b) District 2--Kiana, Noorvik, Selawik;
- (c) District 3--Buckland, Deering;
- (d) District 4--Kivalina, Noatak, Red Dog;
- (e) District 5--Kotzebue;
- (f) District 6--Kotzebue; and
- (g) District 7--Kotzebue.

Each district shall be represented on the Board by one (1) director who is a resident of the district which the director represents. All directors shall be elected at large, and members shall be eligible to vote for every director.

SECTION 4.3. Qualifications to be Nominated, to Become, or Remain a Director.

- (a) Any member shall be eligible to be nominated, elected, and remain a director of the Cooperative provided that the member:
 - (i) Is a natural person physically residing for at least six (6) months during each year in the district from which the member is to be elected; and
 - (ii) Is not an employee of the Cooperative, is not a relative of such a person (by the degree specified in Section 4.8 below), and has not been an employee of the Cooperative within the past five (5) years; and
 - (iii) Is not in any way employed by or financially interested in a competing enterprise or a business engaged in selling telecommunications services or supplies or maintaining telecommunications facilities, except that the Board may grant exceptions for a "de minimis" competing enterprise.
- (b) If an incumbent director shall be found to be holding office in violation of any of the qualifications in (a), the directorship shall automatically terminate. Such termination shall take effect immediately, except that:
a director who is no longer qualified to be a director solely because the director is no longer a resident of the district which the director represents, but who still resides within the Cooperative's general service area for at least six (6) months of the year and is otherwise a qualified member of the Cooperative, shall continue to hold the Board seat until the next annual meeting, at which time that director shall not be eligible for re-election to that seat, but may be eligible to run for the directorship of another district whose seat is up for election. In that event, a new director from the district shall be elected at the next annual meeting to fill the remainder of the term.
- (c) Nothing in this Section shall affect, in any manner whatsoever, the validity of any action taken at any meetings of the Board.

SECTION 4.4. Nominations.

It shall be the duty of the Board to appoint, not less than forty (40) days nor more than ninety (90) days before the date of a meeting of the members at which Board members are to be elected, a committee on nominations consisting of not less than three (3) nor more than nine (9) members who shall be selected from different geographic areas so as to ensure equitable representation. The Board shall make a good faith effort to select at least one (1) member of the committee from each district where a director is to be elected. No member of the Board, no spouse or relative (by the degree specified in Section 4.8 below) of a Board member, and no employee of the Cooperative may serve on such committee.

The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least twenty-five (25) days before the meeting, a list of nominations for Board seats which shall include as many candidates for each Board seat as the committee deems desirable. The secretary shall be responsible for mailing with a Notice of the Meeting, or separately, but at least fifteen (15) days before the date of the meeting, a statement of the number of Board members to be elected and the names and districts of the candidates nominated and running for election.

Any fifteen (15) or more members acting together may make other nominations by petition, so long as such petitions are received by the Secretary not less than thirty (30) days before the meeting. Later nominations by petition shall be treated as nominations from the floor. The secretary shall include timely nominations by petition, if any, on the official ballot

and shall post such nominations at the same time as and the same place where the list of nominations made by the committee is posted.

At the meeting, the chairperson shall call for additional nominations from the floor and nominations shall not be closed until at least one (1) minute has passed during which no additional nomination has been made. No member may nominate more than one candidate. Incumbent directors must be re-nominated by the committee, by petition, or from the floor to be re-elected.

SECTION 4.5. Election of Directors.

Contested elections of directors shall be by a form of printed or electronic ballot which shall list the names of the candidates nominated by the committee and by petition with such names arranged by districts.

Any member desiring to vote for a candidate nominated from the floor at the meeting shall write in the name of such candidate beneath the names of the candidates nominated by the committee on nominations or by petition within the particular district which such candidate would represent if elected.

Each member of the Cooperative present in person at the meeting, or voting by mail or electronic means as provided by Section 3.7 above, shall be entitled to vote for one (1) candidate from each district from which a director is to be elected or on any issue before the meeting. The candidate from each district from which a director is to be elected receiving either a majority or a plurality of votes cast for that office at such meeting shall be declared elected as a director. Failure of an election for a given year shall allow the incumbent directors whose directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.6. Removal of Board Member by Members and Resignations.

Any member may bring charges relating to the duties and responsibilities of a director's position, against that director and, by filing with the secretary such charges in writing together with a petition signed by at least ten percent (10%) of the members, may request the removal of such Board member. The 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 to present evidence with respect to the charges. The person or persons bringing the charges shall have the same opportunity. The question of the removal of the director shall be considered and voted upon at the meeting of the members. 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.

A director may resign at any time by written notice delivered to the Board, the President, or the 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.

Any director who is absent from more than three (3) regular meetings of the Board in the course of the twelve (12) month period from May 1 to April 30 may have the director's seat declared vacant by the Board.

SECTION 4.7. 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 nominations. However, any successor, whether chosen by the Board or the members, must reside in the same district of the vacant directorship and meet the qualifications for office as set forth in Section 4.3.

SECTION 4.8. Compensation.

Directors shall not receive any salary for their services, except for a fixed fee of \$100 for each day of attendance at a meeting of the Board or other meeting while officially representing the Cooperative and for each day of necessary travel to and from a meeting while officially representing the Cooperative. If authorized by the Board, directors may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. Directors who elect to participate may be extended various forms of liability, medical, and accident insurance as well as participation in benefits provided to employees, except for benefits based on salary. No director shall receive compensation for serving the Cooperative in any other capacity, nor shall any director's relative by consanguinity or affinity to the first degree (that is, a spouse, a parent, a brother or sister, or a son or daughter) receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or unless the service by the director or the director's relative shall have been certified by the Board as an emergency measure.

SECTION 4.9. Rules, Regulations, Rate Schedules and Contracts.

The Board shall have power to make, adopt, amend, abolish and promulgate such rules, tariffs, regulations, rate classifications, rate schedules, contracts, security deposits or any other types of deposits, payments or charges including contributions in aid of construction, not inconsistent with law or the Certificate of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative, or cause such to be submitted for any appropriate governmental regulatory approval. Further, the Board may constitute itself into committees for the purpose of studying and making recommendations to the full Board in the course of its deliberations.

SECTION 4.10. Accounting Systems and Reports.

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

ARTICLE V

MEETINGS OF THE BOARD

SECTION 5.1. 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, if deemed convenient by a majority of the Board as constituted after the annual meeting. Regular meetings of the Board may also be held monthly at such time and place as the Board may designate and without notice other than a resolution fixing the time and place thereof. At least ten (10) regular meetings shall be held each year. The Board shall cause notice of the time and place of the regular meetings to be given to the members. Members may attend Board meetings in person. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meeting can communicate with each other, so long as members are allowed to attend and hear the meeting at the Cooperative's business office in Kotzebue. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

SECTION 5.2. Special Meetings.

Special meetings of the Board may be called by the President or by any three (3) directors, and the time and place of the meeting shall be fixed by the directors or President calling the meeting. At least four (4) business days before the date set for the meeting, the secretary shall deliver or cause to be delivered written notice of the time, place, and purpose of any special meeting of the Board to each director personally, by electronic mail, by text message, or by mail. Such notices may be delivered by airline when appropriate. If sent by electronic mail or text message, notice is considered given when the notice is sent to the director's electronic mailing address on record with the Cooperative, or telephone number, if the telephone is capable of receiving text messages. If mailed, such notice shall be deemed delivered when deposited in the United States mail, addressed to the director at the director's address as it appears on the records of the Cooperative, with first-class postage prepaid.

SECTION 5.3. Quorum.

A majority of the Board, present either in person or by teleconference, shall constitute a quorum, provided that if less than a majority of the Board is present at the meeting, a majority of the directors present may adjourn the meeting from time to time. The secretary shall notify any absent directors of the time and place of the adjourned meeting. The act of a majority of the directors present and voting at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these Bylaws or by the parliamentary procedure or special rules adopted by the Cooperative. Board members may not vote by proxy at regular or special Board meetings.

SECTION 5.4. Membership Attendance.

Board meetings may be attended by members of the Cooperative. Voting shall be conducted in such manner that the members may know the vote of each director entitled to vote. No closed or executive sessions shall be held except to discuss: (i) matters which, if immediately known, would clearly have an adverse effect on the Cooperative's finances; (ii) subjects that tend to prejudice the reputation and character of a person, unless the person requests a public discussion; (iii) matters discussed with an attorney for the Cooperative which, if immediately known, could have an adverse effect on the Cooperative's legal position, or (iv) personnel matters. If the above excepted subjects are to be discussed, the meeting must first be convened as a regular or special meeting and the question of holding an executive session to discuss excepted matters shall be determined by a vote of the Board. No subjects may be considered at the executive session, except those mentioned in the motion calling for the session and those auxiliary to the main question. Formal action may not be taken during the executive session.

ARTICLE VI

OFFICERS

SECTION 6.1. Number and Titles.

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

SECTION 6.2. Election and Term of Office.

The officers shall be elected annually by ballot, by and from the Board, at the meeting of the Board held immediately after the annual meeting of the members. If there is no contest for a particular office, the vote may be by voice vote or any other method designated by the person presiding. If the election of officers is not held at such meeting, the election shall be held as soon thereafter as is convenient. 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 Bylaws, a vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 6.3. Removal of Officers and Agents by the Board or the Members.

Any officer or agent elected or appointed by the Board may be removed by the Board for cause whenever the Board determines that 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 signed by at least ten percent (10%) of the members, may request the removal of that officer. The officer whose removal is sought shall be informed in writing of the action at least ten (10) days prior to the Board meeting at which the removal is to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in connection with the action, and the person or persons seeking the removal shall have the same opportunity. When a person holding an office ceases to be a director, that person ceases to hold office.

SECTION 6.4. President.

The President shall:

- (a) Be the principal executive officer of the Cooperative and unless otherwise determined by the Board, shall preside at all meetings of the members and the Board.
- (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 6.5. Vice President.

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

SECTION 6.6. Secretary.

The Secretary shall be responsible for:

- (a) Keeping the minutes of the meetings of the members and of the Board in books prepared for that purpose.
- (b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law.
- (c) 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) Keeping on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Cooperative containing all amendments thereto and at the expense of the Cooperative, furnishing a copy of these Bylaws and of all amendments thereto to each member; and
- (f) In general, performing all duties incidental to the Office of Secretary and such other duties as from time to time may be assigned by the Board.

SECTION 6.7. Treasurer.

The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative.
- (b) Receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these Bylaws; provided, however, that the Treasurer shall have authority, with the approval of the Board, to delegate to the Chief Executive Officer the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
- (c) The general performance of 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; provided, however, with respect to the duties and responsibilities of the Treasurer, the Cooperative shall indemnify and hold the Treasurer harmless against any and all losses, claims and/or damages which may be asserted against the Treasurer, in his official capacity, unless such claim is a result of an act personally committed or omitted by the Treasurer resulting in loss to the Cooperative.

SECTION 6.8. Chief Executive Officer.

The Board shall appoint a Chief Executive Officer, who may be, but who shall not be required to be, a member of the Cooperative or the Board. The Chief Executive Officer shall perform such duties as the Board may require and shall have such authority as the Board may provide and such responsibilities as the officers may lawfully delegate.

SECTION 6.9. Bonds.

The Board shall require the Treasurer and any other officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of its funds or property to

give bond in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.10. Compensation.

The powers, duties and compensation of officers, agents and employees shall be fixed or approved by the Board, subject to the provisions of these Bylaws with respect to relatives of Directors.

SECTION 6.11. 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 fiscal year. Such reports shall set forth the condition of the Cooperative at the close of the fiscal year.

ARTICLE VII

INDEMNIFICATION OF OFFICERS, BOARD MEMBERS, EMPLOYEES AND AGENTS

SECTION 7.1. Scope of Indemnification.

The Cooperative shall indemnify, defend, and hold harmless 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 such person is or was a director, officer, employee, or agent of the Cooperative or who is or was serving at the request of the Cooperative as a director, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses actually and reasonably incurred (including attorney's fees), judgments, fines, and amounts paid in settlement by such person in connection with such action, suit or proceeding; provided such person was acting within the scope of the person's duties for the Cooperative in good faith and in a manner such person reasonably believed to be in, or not contrary to, the best interests of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct was unlawful.

SECTION 7.2. Amount of Indemnification.

Any indemnification under Section 7.1 shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the director, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 7.1. Such determination shall be made by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit, or proceedings, or if such a quorum is not obtainable, or if obtainable and if a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or by the members.

SECTION 7.3. Expenses Advanced.

Expenses incurred in defending a civil or criminal action, suit, or proceeding noted in Section 7.1 above may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board in the specific case, upon receipt of a firm commitment by or on behalf of the director, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that the person is entitled to be indemnified by the Cooperative as authorized in this Article.

SECTION 7.4. Rights of Persons Indemnified.

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

SECTION 7.5. Insurance Coverage.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Board member, officer, employee, or agent of another Cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against and incurred by such person arising out of the person's capacity or status, regardless of whether the Cooperative would have the power to indemnify the person against such liability under the provisions of this Article.

ARTICLE VIII

NON-PROFIT OPERATION

SECTION 8.1. 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 8.2. Patronage Capital in Connection with Furnishing Telecommunications and Information Services.

(a) A patron is a person who purchases retail telephone, or other telecommunication or information services, from the Cooperative, regardless of whether the person is a member of the Cooperative. Purchases of services at wholesale, for resale as an interexchange, interconnection or competitive local exchange service provider shall not constitute patronage.

(b) 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 ensure 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 the furnishing of telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of services. All amounts in excess of operating costs and expenses for telecommunications and information services 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 amounts in excess of operating costs and expenses derived from telecommunications and information services. 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, furnished by patrons for telecommunications and information services is clearly reflected and credited in an appropriate record to the capital account of each patron. 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 the patron's account, except that individual notice of such amounts shall not be required if the Cooperative notifies all patrons of the agreed amount of such excess from telecommunications and information services and provides a clear explanation of how each patron may compute and determine the specific amounts of capital

credited to the patron's account. All amounts credited to the capital account of any patron shall have the same status as if paid to the patron in cash pursuant to a legal obligation and the patron had then furnished the Cooperative corresponding amounts for capital.

(c) All nonoperating margins except those derived from furnishing goods and services other than telecommunications and information services shall, insofar as permitted by law, be used to offset any losses during the current or any prior fiscal year and, to the extent not needed for that purpose, either allocated to patrons on a patronage basis, with any amount so allocated to 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 used to establish and maintain a nonoperating margin reserve not assignable to patrons prior to dissolution of the Cooperative.

(d) 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. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution.

(e) 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 patrons' 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. The Cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt patrons.

(f) Notwithstanding any other provision of these Bylaws, the Board, at its discretion, 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 the patron be retired prior to the time such capital would be retired in a general retirement under 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, and the legal representative of such patron's estate shall agree upon, so long as the financial condition of the Cooperative will not be impaired thereby.

(g) When the capital credits of any patron no longer receiving service from the Cooperative amount to 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 the 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 Bylaws.

SECTION 8.3. Patronage Capital in Connection with Furnishing Other Services.

In the event that the Cooperative should engage in the business of furnishing goods or services other than telecommunications and information services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board shall determine.

ARTICLE IX

DISPOSITION AND PLEDGING OF PROPERTY AND DISSOLUTION AND DISTRIBUTION OF SURPLUS ASSETS UPON DISSOLUTION

SECTION 9.1. Disposition of Property.

(a) The Board of Directors shall have full power and authority, without the need to seek additional authorization by the members, to borrow monies from any source and in any amount as the Board may from time to time determine is needed; and to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust, or the pledging or encumbering of any or all of the property, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the revenues therefrom, all on such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative.

(b) The Cooperative may not sell, lease or otherwise dispose of all or any substantial portion in excess of 15 percent (15%) of its total assets, less depreciation, as reflected on the books of the Cooperative at the time of the transaction, unless such sale, lease, or other disposition is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members of the Cooperative voting on the transaction, if the number of members voting to approve it constitute a majority of all the members of the Cooperative, and if the notification, appraisal and other disposition requirements mandated by Alaska law are met. The notice of such proposed sale, lease, or other disposition shall be contained in the notice of the meeting; provided, however, upon authorization of a majority of those members of the Cooperative voting on the issue in an election in which at least ten (10%) percent of the eligible members return ballots, the Board of Directors may sell, lease or otherwise dispose of all or a substantial portion of its property to another cooperative or the state in accordance with Alaska law.

(c) A special meeting of the members may be called by the Board of Directors in compliance with applicable law where the approval of the members is necessary under this Article.

SECTION 9.2. Dissolution.

The Cooperative may be dissolved by filing a certificate of dissolution in accordance with Alaska law. The officers executing and filing the certificate shall make and annex an affidavit, stating that they have been authorized to execute and file such certificate by the affirmative vote of at least two-thirds (2/3) of those members voting on the proposition if the number of members voting to approve it constitutes a majority of all members of the Cooperative. The dissolution shall also be consistent with the rights of the Rural Electrification Administration/Rural Utilities Service and other holders of the Cooperative's indebtedness as reflected in all applicable loan, mortgage and related agreements.

The Cooperative shall continue for the purpose of paying, satisfying, and discharging any existing liability 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 9.3. Distribution of Surplus Assets on Dissolution.

Any assets remaining after all debts and liabilities of the Cooperative have been paid shall be disposed of pursuant to the provisions of Section 2.4 above, except that if in the judgment of the Board the amount of such surplus relatively is too small to justify the expense of making such widespread distribution, the Board may instead 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 X

SEAL

The Corporate Seal of the Cooperative shall be in the form of a circle, shall have inscribed thereon the name of the Cooperative, and the words, "Incorporated 1975," "Corporate Seal," and "Alaska".

ARTICLE XI

FINANCIAL TRANSACTIONS

SECTION 11.1. Contracts.

Except as otherwise provided in these Bylaws, the Board may authorize any officer or agent 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 11.2. 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(s), agent(s), or employee(s) of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board.

SECTION 11.3. Deposits.

All the funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such institutions as the Board may select.

SECTION 11.4. 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.

SECTION 11.5. Change in Rates.

No changes in the rules, regulations, or present rates shall take place, except on approval of the Board.

SECTION 11.6. 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 Alaska Public Utilities Commission. 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.

ARTICLE XII

MISCELLANEOUS

SECTION 12.1. Membership in Other Organizations.

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

SECTION 12.2. 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 the 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 12.3. 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 Bylaws, as it may deem advisable for the management of the business and the affairs of the Cooperative.


ARTICLE XIII

AMENDMENTS

These Bylaws may be altered, amended, repealed or rewritten by the affirmative vote of a majority of the members who vote in person, electronically, or by mail at the annual or a special meeting, but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, or an accurate summary explanation thereof. When the Board effects Bylaw changes or revisions, the specific changes or revisions become effective thirty (30) days after they are approved by the membership. A vote of the cooperative members is not required for the Board to require non-substantive revisions be made to these bylaws in order to correct typographical, spelling or numbering errors or to fix formatting issues.

Last Amended: May 26, 2023




Marie N. Greene
OTZ Board President


Harold D. Lambert
OTZ Secretary/Treasurer