

# **BYLAWS**

**of**



## **GUADALUPE VALLEY TELEPHONE COOPERATIVE, INC.**

Revision 6.24.09

**TABLE OF CONTENTS**

ARTICLE I  
MEMBERSHIP.....3

ARTICLE II  
RIGHTS AND LIABILITIES OF  
MEMBERS.....8

ARTICLE III  
MEETING OF MEMBERS.....9

ARTICLE IV  
DIRECTORS.....11

ARTICLE V  
MEETING OF DIRECTORS.....18

ARTICLE VI  
OFFICERS.....19

ARTICLE VII  
NONPROFIT OPERATION.....23

ARTICLE VIII  
DISPOSITION OF PROPERTY.....26

ARTICLE IX  
SEAL.....27

ARTICLE X  
FINANCIAL TRANSACTIONS.....27

ARTICLE XI  
MISCELLANEOUS.....28

ARTICLE XII  
AMENDMENTS.....30

## BYLAWS OF GUADALUPE VALLEY TELEPHONE COOPERATIVE, INC.

### ARTICLE I MEMBERSHIP

**SECTION 1. Requirements for Membership.** Any eligible person, firm, association, corporation, or body politic or subdivision thereof may become a member of Guadalupe Valley Telephone Cooperative, Inc. (hereinafter called the Co-op) by:

- (a) making application for membership therein;
- (b) agreeing to purchase from the Co-op a minimum of one "Communication Service", as defined from time to time by the Board of Directors (the "Board") ;
- (c) agreeing to comply with and be bound by the articles of incorporation and bylaws of the Co-op and any rules and regulations adopted by the Board; and
- (d) agreeing to pay or payment for the Co-op's services hereinafter specified on uniform terms and conditions established by the Board.

Agreement to pay or payment for the Co-op's services in accordance with the provisions of these Bylaws shall be an agreement between the Co-op and the person, firm, association, corporation or body politic or subdivision thereof to be served by the Co-op.

No person, firm, association, corporation or body politic or subdivision thereof shall become a member unless or until he or it has been accepted for membership by the Board.

No member shall hold more than one membership in the Co-op, and no membership shall be transferable, except as provided in these Bylaws.

Eligibility. No local exchange company, inter-exchange company, telecommunications provider, or any other telecommunications entity shall be eligible to become a member nor be a patron of the Co-op except for the services received in the day-to-day operation of their administrative operations. No membership nor patronage is conferred upon such persons or entities as a result of their payment to Co-op of access payments or fees, payments of universal service fees and/or subsidies, the purchase of equipment, or for the purchase for resale of any of the Co-op's services.

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

**SECTION 2. Membership Certificates.** Membership in the Co-op shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board.

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

- (a) the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of the meeting;
- (b) the vote of either separately or both jointly shall constitute a joint vote;
- (c) a waiver of notice signed by either or both shall constitute a joint waiver;
- (d) notice to either shall constitute notice to both;
- (e) expulsion of either shall terminate the joint membership;
- (f) withdrawal of either shall terminate the joint membership;
- (g) either but not both may be elected or appointed as an officer or Director, provided that both meet the qualifications for such office.

**SECTION 4. Conversion of Membership.**

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Co-op in such manner as shall indicate the changed membership status.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as indicated by the changed membership status provided, however, that the estate of the deceased shall not be released from any debts due the Co-op.

**SECTION 5. Membership Fee.** No fee shall be required for membership in the cooperative beginning June 29, 2000.

**SECTION 6. Purchase of Communication Service.** Each member shall, as soon as Communication Service is available, take a minimum of one Communication Service from the Co-op to be used on the premises specified in his application for membership, and shall pay therefore monthly at rates which shall, from time to time, be fixed by the Board; provided, however, that the Board may limit the amount of Communication Service which the Co-op shall be required to furnish to any one member. It is expressly understood that amounts paid for Communication Service in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Co-op such minimum amount per month for Communication Service as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Co-op as and when the same shall become due and payable.

**SECTION 7. Termination of Membership.**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the Directors, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, or any rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes 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. The membership of a member who has not permitted the installation of a minimum of one Communication Service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase Communication Service from the Co-op, shall be cancelled by resolution of the Board.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate and the membership certificate of such member shall be surrendered forthwith to the Co-op. Termination of membership in any manner shall not release a member or his estate from any debts due the Co-op.
- (c) Upon termination of membership for any reason, the Co-op shall refund to the member the amount of the membership fee paid in accordance with rules and regulations prescribed by the Board. The Co-op shall deduct here from the amount of any debt owing from the member to the Co-op.

**ARTICLE II  
RIGHTS AND LIABILITIES OF MEMBERS**

**SECTION 1. Property Interest of Members.** Upon dissolution, after (a) all debts and liabilities of the Coop shall have been paid, and; (b) all capital furnished through patronage shall have retired as provided in these bylaws; the remaining property and assets of the Co-op 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, for the immediate past ten (10) years, unless provided by law.

**SECTION 2. Non-Liability for Debts of the Co-op.** The private property of the members shall be exempt from execution or other liability for the debts of the Co-op and no members shall be liable or responsible for any debts or liabilities of the Co-op.

**SECTION 3. Articles of Incorporation, Bylaws, Policies and Tariffs are a Contract Between Co-op and Members.** The patrons of the Co-op, by dealing with the Coop, acknowledge that the terms and provisions of the articles

of incorporation, bylaws, policies and tariffs shall constitute and be a contract between the Co-op and each patron, and both the patron and the Co-op are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Co-op by posting in a conspicuous place in the Co-op's office.

### **ARTICLE III MEETING OF MEMBERS**

**SECTION 1. Annual Meeting.** The annual meeting of the members shall be held on the fourth (4th) Wednesday in June of each year at a location within a fifty (50) mile radius of GVTC headquarters, as specified in the notice of the Annual 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. Provided, however, that the Board, at its discretion, for cause deemed adequate by the majority of the Board, may postpone the meeting of the members for any particular year for a period of not more than thirty (30) days after the fourth (4th) Wednesday in June of such year and may reset such meeting for a date within such thirty (30) day period after the fourth (4th) Wednesday in each June. Such postponement and resetting, if done, must be done not less than thirty (30) days prior to the fourth (4th) Wednesday in June of such year. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. If the day fixed for the annual meeting shall fall on a legal holiday, such meeting shall be held on the next succeeding business day. Failure to hold the annual meeting of the members at the designated time shall not work a forfeiture or dissolution of "The Cooperative."

**SECTION 2. Special Meetings.** Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Directors, by the Chairman of the Board, 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 at a location within a fifty (50) mile radius of GVTC headquarters, as specified in the notice of the special meeting.

**SECTION 3. Notice of Members' Meetings.** Written notice stating the place, day and hours of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty-five (25) 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 Co-op, with postage thereon prepaid. The failure of any members to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**SECTION 4. Quorum.** As long as the total number of members does not exceed five hundred, ten per centum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed five hundred, fifty members or two (2) per centum of the members present in person, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

**SECTION 5. Voting.** Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person except as otherwise provided by law, the articles of incorporation or these bylaws.

**SECTION 6. Order of Business.** The order of business at the annual meeting of the members and, insofar as possible, at all other meetings of the members shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report of the number of the members 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 hereon.
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 Co-op shall be managed by a Board of fifteen (15) Directors, which shall exercise all powers of the Co-op, except such as are by law, the articles of incorporation or these bylaws conferred upon or reserved to the members.

**SECTION 2. Election and Tenure of Office.** The geographical area comprising the Co-op is divided into five (5) districts comprised of the exchanges designated, and each district, as of the 2003 Annual Meeting of the Members of the Co-op, is represented by the following number of Directors:

<b>DIST NO.</b>	<b>EXCHANGES</b>	<b>NO. OF DIRECTORS</b>
1	Hancock Sattler	2
2	Smithson Valley Bulverde	3
3	Kenberg Sabina Balcones	3
4	Cranes Mill	3
5	Rocky Creek Saturn Kingsbury Cost Leesville Westhoff Waelder	4
<b>TOTAL DIRECTORS</b>		15

At its February, 2006 Board Meeting, and at the February Board meeting every three (3) years thereafter, the Board shall review the number of members within each district and shall adjust the number of Directors to represent each district when, in the exclusive opinion of the Board of Directors, any adjustments are required to assure equitable representation of the subscribers.

The adjustments to the number of Directors made by the Board shall not affect the balance of the three (3) year term of any incumbent Director. The shift of Directorships to and from districts shall occur only as Director slots become vacant in a district over represented under the then current allocations, by either expiration of term of office or under Article IV, Sections 3, 5 or 6. The Board, in its discretion, will allocate the available Director slot(s) to a district(s) allocated more Directors than currently in office.

Nothing contained herein shall abrogate the right of members to petition.

The fifteen (15) Director's positions, respectively, are divided into positions and aligned for election by, insofar as possible, the year in which such Director positions are to be elected so that five (5) Directors are elected each year for a three (3) year term.

Those Directors heretofore elected in 1984 shall serve until June of 1987.

Those Directors heretofore elected in 1985 shall serve until June of 1988.

Those Directors elected in 1986 shall serve until June of 1989.

Hereafter, each Director position shall be elected for a three (3) year term, respectively, in 1987, 1988 and 1989, and repeatedly thereafter each three (3) years so that five (5) Director positions shall be elected at the end of each three (3) year term, in June of each year.

The Directors so elected shall serve for a term of three (3) years after having been elected, or until a successor shall

have been elected.

**SECTION 3. Qualifications.** No person shall be eligible to become or remain a Director of the Co-op who:

- (a) is not a member and is not presently residing in the area served or to be served by the Co-op; or
- (b) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling Communication Service or supplies, or constructing or maintaining Communication Service facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural communications.

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. Nominations.** It shall be the duty of the Board to appoint, not later than sixty (60) nor more than ninety (90) days before the date of a meeting of the members at which Directors are to be elected, a committee of at least one (1) member from each district in which there is a Director position vacancy to be filled and one (1) member for each Director position to be elected within each such district, the selection of which must be at random. The Committee shall prepare and post, or cause to be posted at the principal office of the Cooperative at least forty-five (45) days before the meeting, a list of nominations for Directors which shall include at least two (2) candidates for each anticipated vacancy in the office of Director to be elected. Provided however, that if, after diligent search and request of at least, successively, three (3) persons to be nominated in addition to any one person nominated for a position, the Committee is unsuccessful in securing a second nominee as a candidate for a Director position within a District, the Committee shall so report and the nomination of one (1) person shall be deemed sufficient, subject to the other provisions of this Section. In such case, the Committee shall file a list of the names of the three (3) persons contacted who refused the nomination with the Report of the Nominations Committee.

Any one hundred (100) members or ten percent (10%), or more, of the members, whichever is the lesser acting together may make other nominations by petition not less than thirty (30) days prior to the meeting and the Secretary shall post, or cause to be posted, such nominations at the same place where the list of nominations made by the committee is posted.

The Secretary shall mail with the notice of the 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, specifying separately the nominations made by the committee and the nominations made by petition, if any.

The ballot to be used at the election shall list the names of the candidates nominated by the nominations committee appointed by the Board and the candidates who may be nominated by petition, separately, and shall provide a space for the listing of the names of any candidates who may be nominated from the floor. The chairman 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 (1) candidate. All members nominated, whether by the nominating committee, by petition, or from the floor, must reside in the district in which a vacancy exists for the office of Director.

**SECTION 5. Removal of Directors by Members.** Any member may bring charges against a Director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten (10) per centum of the members, or two hundred (200) members, whichever is the lesser, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations. All Directors named to fill a vacancy must reside in the same district as the Director replaced or if the Director slot has been reallocated to another district, in the district to which such Director slot has been allocated.

**SECTION 6. Vacancies.** Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty (60) days after the vacancy occurs, the members shall have the right to fill such

vacancy at a meeting of the members without compliance with the foregoing provisions in respect of nominations. All Directors named to fill a vacancy must reside in the same district as the Director replaced or if the Director slot has been reallocated to another district, in the district to which such Director slot has been allocated.

**SECTION 7. Catastrophic Loss of Board Members.** The loss of eight (8) or more Board members arising from an event of natural or human origin shall be deemed a catastrophic loss of Board members. In the event of a catastrophic loss of Board members, the remaining Board members shall appoint, within one hundred twenty (120) days, individuals qualified to serve as board members pursuant to Article IV, Section 6 hereof from each of the Districts which suffered a loss of a Board member, keeping in mind the principle of equitable geographic representation. Board members so appointed shall serve until the next Annual Meeting of the membership, at which time all Board positions appointed under this Section shall stand for election. In the event of a catastrophic loss wherein five (5) or less Board members remain, the remaining Board member(s), or if no Board remains, the highest ranking Cooperative staff member, shall call a Special Meeting of the membership within ninety (90) days of the occurrence of the vacancy to elect the applicable number of Board members to fill the vacant positions in accordance with all provisions of these bylaws. These specially elected Board member(s) shall serve until the next regularly scheduled Annual Meeting of the membership at which time all such appointed positions shall stand for election.

**SECTION 8. Quorum During Catastrophe.** In the event of a catastrophic loss as defined in Section 7, the traditional quorum requirements are simplified pending the appointment of new Board members, in order to allow the remaining Board members to meet and conduct business. All action of the Board during this time period, shall stand for ratification at the next Board meeting wherein a traditional quorum is present.

**SECTION 9. Compensation.** Board members shall not receive any salary for their services as such, except that members of the Co-op may by resolution authorize a fixed sum for each day or portion thereof spent on Co-op business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Co-op business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board member shall receive compensation for serving the Co-op in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Co-op, unless the payment and amount of compensation shall be specifically authorized by the Texas Telephone Cooperative Act or by a vote of the members or the service by the Board member or his close relative shall have been certified by the Board as an emergency measure. For the purpose of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, uncles, aunts, nephews, and nieces, by blood, by marriage or adoption, and spouses of any of the foregoing.

**SECTION 10. Executive Committee.** The Board may elect from its members an executive committee of three or more Directors to which the Board may delegate the management of the current and ordinary business of the corporation, emergency decisions, the preparation of reports, and recommendations on such matters as the Board may direct and such other and further duties and authorities as the Board may from time to time impose on it or delegate to it. The designation of such committee and the delegation thereto of authority shall not operate to relieve the Board, or any member thereof, of any responsibility imposed upon it or him by law. Such executive committee shall consist of the Chairman of the Board, Vice Chairman, and Secretary unless the Board appoints other members thereof.

## ARTICLE V MEETING OF DIRECTORS

**SECTION 1. Regular Meetings.** A regular meeting of the Board shall be held without notice, immediately after and at the same place as the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place in the State of Texas as the Board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

**SECTION 2. Special Meetings.** Special meetings of the Board may be called by the Chairman 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 Chairman or the Directors calling the meeting shall fix the time and place in Texas for the holding of the

meeting.

**SECTION 3. Notice of Directors' Meeting.** 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 (5) days previous thereto either personally, by electronic transmission, by facsimile or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the Chairman of the Board or the Directors calling the meeting. If transmitted by facsimile or electronically, such notice shall be deemed to be delivered at the time of the transmission. 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 Co-op, with postage thereon prepaid.

**SECTION 4. Quorum.** A majority of the Board shall constitute a quorum, provided that, if less than such majority of the Directors are present at said meeting, a majority of the Directors present may adjourn the meeting from time to time, and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board.

## **ARTICLE VI OFFICERS**

**SECTION 1. Number.** The officers of the Co-op shall be the Chairman of the Board, Vice Chairman, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and of Treasurer may be held by the same person.

**SECTION 2. Election and Term of Office.** The officers shall be elected by ballot, annually by and from the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as 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 his successor shall have been elected and shall have qualified. Except as otherwise provided in these bylaws, the 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 Co-op will be served thereby. In addition, any member of the Co-op may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten (10) per centum of the members, or two hundred (200) members, whichever is the lesser, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him 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. Chairman of the Board.** The Chairman shall:

- (a) be the principal Executive Officer of the Co-op and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the Secretary, 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 Co-op, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of Chairman of the Board and such other duties as may be prescribed by the Board from time to time.

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

**SECTION 6. Secretary.** The Secretary shall:

- (a) keep the minutes of the meetings of the members and of the Board in one (1) or more books provided for that purpose;
- (b) see that all notices are given in accordance with these bylaws or as required by law;
- (c) be custodian of the corporate records and of the seal of the Co-op and affix the seal of the Co-op to documents authorized to be executed by the Co-op in accordance with the provisions of these bylaws;
- (d) keep a register of the names and post office addresses of all members;
- (e) have general charge of the books of the Co-op;
- (f) keep on file at all times a complete copy of the articles of incorporation and bylaws of the Co-op containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Co-op forward a copy of the bylaws 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/her by the Board. The Secretary may, from time to time, delegate the administrative functions of this office to such other members of the Board or employees of the Co-op as the Board deems appropriate.

**SECTION 7. Treasurer.** The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Co-op;
- (b) be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Co-op and for the deposit of all such moneys in the name of the Co-op in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

**SECTION 8. President and CEO.** The Board may appoint a President and CEO who may be, but shall not be required to be, a member of the Co-op. The President and CEO shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

**SECTION 9. Bonds of Officers.** The treasurer and any other officer or agent of the Co-op charged with responsibility for the custody of any of its funds or property shall 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 Co-op to give bond in such amount and with such surety as it shall determine.

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

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

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

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

**SECTION 2. Patronage Capital in Connection with Furnishing Communication Service.** In the furnishing of Communication Service, the Co-op's operations shall be so conducted that all patrons, members and non-members alike will through their patronage furnish capital for the Co-op. In order to induce patronage and to assure that the Co-op will operate on a non-profit basis, the Co-op is obligated to account on a patronage basis to all of its members for all amounts received and receivable from the furnishing of Communication Service in excess of operating cost and expenses properly chargeable against the furnishing of Communication Service. All such amounts in excess of operating cost and expenses at the moment of receipt by the Co-op are received with the understanding that they are furnished by the members as capital. The Co-op is obligated to pay to each member, according to the schedule of credits made to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the Co-op shall be set up

and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Co-op shall within a reasonable time after the close of the fiscal year notify each member via individual written notice of the amount of capital so credited to his account. All such amounts credited to the capital account of any member shall have the same status as though it had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Co-op the corresponding amounts for capital.

All other amounts received by the Co-op shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year; (b) allocated as capital credits to members on a patronage basis; or (c) used by Cooperative as permanent, non-allocated capital.

Notwithstanding this Article VII, the amount to be credited to the capital of members on account of their patronage shall be no less than the greater of alternative minimum taxable income or regular taxable income resulting from their patronage as determined under Federal income tax law.

If the costs and expenses exceed the amounts received and receivable from the furnishing of Communication Service, hereinafter referred to as "loss", then the Board shall have the authority to prescribe a fair and equitable manner in which such loss shall be handled, including but not limited to, the carrying forward of the loss to offset future allocations of patronage capital to the members resulting from the furnishing of the Communication Service. In no event shall any member be required to fund a deficit patronage capital account. Losses subject to this paragraph shall be determined in the same manner and method that patronage capital is calculated and allocated to members as provided above with respect to the pre-existing obligation to allocate patronage capital.

In the event of dissolution or liquidation of the Co-op, after all outstanding indebtedness of the Co-op 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 Coop will not be impaired, thereby the capital, then credited to members' accounts may be retired in full or in part. Any such retirements of capital furnished prior to January 1, 1970, shall be made in order or priority according to the year in which the capital was furnished and credited, the capital first received by the Co-op being first retired. For all years subsequent to January 1, 1970, the Board shall determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.

Capital credited to the account of each member shall be assignable only on the books of the Co-op, pursuant to written instruction from the assignor and only to the successors in interest or successors in occupancy in all or a part of such member's premises served by the Co-op unless the Board, acting under policies of general application, shall determine otherwise, not withstanding any of the foregoing, a member may assign to the Co-op the capital credited to the account of that member. Also the capital credit of any member may be applied by the Co-op toward any bad debts which are owed the Cooperative by said member.

Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any member, if the legal representatives of his estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such member's estate shall agree upon. In no event, however, will such capital credits be refunded, if to do so will impair the financial condition of the Co-op.

The Board, at its discretion, shall also be empowered under this subsection to retire capital credited to any member whose cancellation, withdrawal or termination of membership is the result of the removal of the member from the service area of the Co-op, provided, however, that the financial condition of the Co-op will not be impaired thereby.

## **ARTICLE VIII DISPOSITION OF PROPERTY**

The Co-op may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all the members of the Co-op, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges,

licenses, franchises and permits of the Co-op, whether acquired or to be acquired, and wherever situation, as well as the revenues and income therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Co-op to the United States of America or any instrumentality or agency thereof; provided further that the Board may upon the authorization of a majority of those members of the Co-op present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Co-op or foreign corporation doing business in this State pursuant to the Act under which this Co-op is incorporated.

## **ARTICLE IX SEAL**

The Corporate seal of the Co-op shall be in the form of a circle and shall have inscribed thereon the name of the Coop and the words "Corporate Seal Texas."

## **ARTICLE X FINANCIAL TRANSACTIONS**

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

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

**SECTION 3. Deposits.** All funds of the Co-op shall be deposited from time to time to the credit of the Co-op 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 (90) days prior to the date upon which any proposed change in the monthly rates charged by the Co-op for telephone service becomes effective.

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

## **ARTICLE XI MISCELLANEOUS**

**SECTION 1. Membership In Other Organizations.** The Co-op 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 purchase. Provided, however, that the Co-op may, upon authorization of two-thirds (2/3) of the membership of the Board, purchase stock in or become a member of any corporation organized on a for-profit or nonprofit basis for the purpose of engaging in or furthering the cause of areawide rural Communication Service or related service, or with the approval of the Administrator of RUS, of any other corporation or organization for the purpose of acquiring Communication Service and related facilities or assuring more adequate telecommunications and related service to its members. Related service is hereby defined to include, without limitation, such facilities and service that may be provided utilizing existing, coaxial cable, fiber optic cable, and such other facilities that may be utilized in the future for the purpose of voice and/or video communication through the use of electricity and including all Communication Service lines, facilities, or systems used in the rendition of such service and such other systems including satellite or microwave transmission, for voice and/or video communications that may be developed and utilized in the future.

**SECTION 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 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 the 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 affairs of the Co-op.

**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 cause to be made a full and complete audit of the accounts, books and financial condition of the Co-op in each year as of a date to be determined by the Board. Such audit reports shall be submitted to the members at the next annual meeting following each audit.

## **ARTICLE XII AMENDMENTS**

These bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

**This edition contains all Amendments through June 24, 2009**

**Local telephone, Internet and DSL services are provided by Guadalupe Valley Telephone Cooperative, Inc., ("Cooperative") d/b/a GVTC; long distance, security, cable TV and cable modem services are provided by its subsidiary, Guadalupe Valley Communications Systems LP., d/b/a GVTC.**