

# SOUTH CENTRAL TELEPHONE ASSOCIATION, INC

Revised: March 28, 2019

## **MISSION STATEMENT**

The mission of South Central Telephone Association, Inc., is to provide dependable and affordable telecommunications services using sound management and progressive technologies to its customers in south central Kansas, north central Oklahoma and in other areas where deemed beneficial to the members.

# ARTICLE I

## MEMBERSHIP

### SECTION 1. Requirements for Membership.

(1) Any person, firm, association, corporation, limited liability company, partnership, limited liability partnership or body politic is eligible to become a member upon receipt of retail telecommunications services from the Association at a premise within its established service area and the execution of a membership application in the form prescribed by the Board of Directors. Such application shall include an agreement:

(a) To purchase telecommunications services from the Association as an end user of such services, in accordance with the rates, terms and conditions specified by the Association; and

(b) To comply with and be bound by the Articles of Incorporation and Bylaws of the Association and any rules and regulations adopted by the Board; and

(c) That the membership shall be held in the name of the applicant.

(2) Purchasers of the Association's services at wholesale or otherwise for resale, telemarketers, or competing telecommunications providers shall not be eligible for membership or patronage credits with respect to such wholesale services.

(3) Membership shall become effective upon the date of commencement of service. Membership eligibility terminates upon disconnection of service.

(4) All applications received more than 30 days prior to each annual meeting of the members which have not been accepted or which the Board has rejected shall be submitted by the Secretary of the Board to such annual meeting, subject to compliance by the applicant with the requirements set forth herein. Any such application may be accepted by vote of the members. The Secretary of the Board shall give each such applicant at least 10 days' notice of the date of the annual meeting of the members to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

### SECTION 2. Evidence of Membership.

The purchase of telecommunications services and the establishment of an account for such services with the Association shall evidence memberships in the Association.

### SECTION 3. Definitions and Classifications of Membership.

(1) The Association may have one or more classes of members in order to recognize differences in contribution to margin of different classes. If the Board establishes more than one class of membership, it shall determine the definitions, the types, the qualifications and the rights of each class and make such information readily available to the membership.

(2) No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferable, except on the books of the Cooperative and as provided for in these Bylaws.

(3) Each time-sharing or interval ownership premise is considered as a single member. The corporation, partnership or other entity holding or managing the property will be deemed to hold the membership.

(4) Memberships in the Cooperative are extended only to individuals or entities who meet the requirements of Article I, Section 1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue. However, from the date of adoption of these Bylaws, no new joint memberships will be established.

(5) Individual memberships will be freely transferrable on the books of the Cooperative between any persons in the same household or entity upon request in writing. Thus, the term "member" as used in these Bylaws shall refer to an individual or an entity, but can, on a grandfathered basis, be deemed to include a husband and wife still 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 grandfathered joint membership shall be as follows:

(a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting.

(b) The vote of either separately or both jointly shall constitute one joint vote;

(c) A waiver of notice signed by either or both shall constitute a joint waiver;

(d) Notice to either shall constitute notice to both;

(e) Expulsion of either shall terminate the joint membership;

(f) Withdrawal of either shall terminate the joint membership;

(g) Either, but not both, may be elected or appointed as an officer or Board member if individually qualified;

(h) Upon the death of either spouse who is a party to the joint membership, such membership shall be converted to an individual membership. However, the estate of the deceased shall not be released from any debts due the Cooperative.

(6) Rights And Obligations of Joint Members. Except as otherwise provided in these bylaws, a Joint Member has and enjoys the rights, benefits, and privileges, and is subject to the obligations, requirements, and liabilities, of being a member. Joint Members are jointly and severally liable for complying with the Cooperative's Articles of Incorporation, bylaws and its rules, regulations and policies as adopted by the Board. As used in these bylaws and except as otherwise provided in these bylaws, a membership includes a Joint Membership and a member includes a Joint Member. For a Joint Membership:

(a) notice of a meeting provided to one Joint Member constitutes notice to all Joint Members;

(b) waiver of notice of a meeting signed by one Joint Member constitutes waiver of notice for all Joint Members;

(c) the presence of one or more Joint Members at a meeting constitutes the presence of one member at the meeting;

(d) the presence of one Joint Member at a meeting waives notice of the meeting for all Joint Members;

(e) the presence of one Joint Member at a meeting may invalidate a mail ballot previously mailed by the Joint Member;

(f) if only one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the vote, signature, or action binds the Joint Membership and constitutes one vote, signature, or action;

(g) if more than one Joint Member votes on a matter; signs a petition, consent, waiver, or other document; or otherwise acts, then the first vote, signature, or action received by the Cooperative binds the Joint Membership and constitutes one vote, signature or action;

(h) except upon the cessation of the legally recognized relationship, the suspension or termination of a Joint Member constitutes the suspension or termination of all Joint Members; and

(i) a Joint Member qualified to be a member of the Board may be a Director, regardless of whether another Joint Member is qualified to be a Director, but if more than one Joint Member is qualified to be a Director, then only one Joint Member may be a Director.

(7) Terminating a Joint Membership. Joint Members shall notify the Cooperative in writing of a cessation of the legally recognized relationship. Upon determining or discovering the cessation of the legally recognized relationship:

(a) if one Joint Member remains qualified to be a member and continues to use a Cooperative service at the same location, then the Joint Membership converts to a membership comprised of this individual;

(b) if more than one Joint Member remains qualified to be a Joint Member and continues to use a Cooperative service at the same location, then the Joint Membership converts to a membership comprised of these individuals;

(c) if all Joint Members remain qualified to be Joint Members and continue to use a Cooperative service at the same location, then the Joint Membership converts to a membership of individuals determined by Cooperative; and

(d) if no Joint Member remains qualified to be a Member and continues to use a Cooperative service at the same location, then the Joint Membership terminates.

#### **SECTION 4. Membership Fees.**

The Board, at its discretion, may determine to require a membership fee which shall be uniform for each class of membership. 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; however, 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 Association's general and special capital credit retirement Bylaws.

#### **SECTION 5. Purchase of Services.**

Each person who applies for membership shall subscribe to one or more services of the Association as soon as service becomes available. The member shall pay for such service monthly and in accordance with rates established in tariffs or rate schedules as fixed by the Board or regulatory agencies. It is expressly understood that the amounts in excess of cost received by the Association for all telecommunications and information services are furnished by members as capital from the moment of receipt, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, the Association is not obligated to furnish such credits for services which are not billed and collected by the Association, even when such services are partially rendered over the facilities of the Association. Each member shall pay the amounts owed by him or her to the Association as and when the same shall become due and payable.

#### **SECTION 6. Termination of Membership.**

(1) 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 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.

(2) The membership of a member who has ceased to purchase services from the Association shall be canceled.

(3) Upon the withdrawal, death, cessation of existence, cancellation of membership or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due to the Association.

(4) Any refund of membership fees shall be made in the order in which memberships shall have been terminated. Prior to the repayment of a membership fee paid by the member, the Association shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Association.

(5) Patronage credits, if any, may not be paid except as provided in ARTICLE VIII hereof.

# ARTICLE II

## RIGHTS AND LIABILITIES OF THE ASSOCIATION AND THE MEMBERS

### SECTION I. Service Obligations.

The Association 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.

### SECTION 2. Cooperation of the Members in the Extension of Services.

The cooperation of members of the Association is imperative to the successful, efficient and economical operation of the Association. 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 said member, or any other member, at no cost to the Association. When requested by the Association, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Association.

### SECTION 3. Non-liability for Debts of the Association.

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

### SECTION 4. Property Interest of Members upon Dissolution.

Upon dissolution after (a) all debts and liabilities of the Association shall have been paid, (b) all capital furnished through patronage shall have been retired as provided in these Bylaws, and (c) all membership fees shall have been repaid, the remaining property and assets of the Association shall be distributed among the members and former members whose patronage credits have not been paid in the proportion which the aggregate patronage of each member bears to the total patronage of all such members, unless otherwise provided by law.

# ARTICLE III

## MEETING OF MEMBERS

### SECTION I. Annual Meeting.

The annual meeting of the members shall be held at a date and place within the state or states of operation as selected by the Board, and shall be designated in the notice of the meeting for the purpose of electing Board members, passing upon reports from the previous

fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or a dissolution of the Association nor effect the validity of any corporate action. In the event of inclement weather or the occurrence of a catastrophic event, the Board may postpone the meeting of the members. The Board President shall give notice of the postponed meeting in any media of general circulation or broadcast serving the area. Notice of a new meeting date will be provided not less than seven (7) days after the postponed meeting date.

## **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 Board members, by the President, or by not less than 200 members or ten per centum (10%) of all members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the state or states of operation as selected by the Board and specified in the notice of the special meeting.

## **SECTION 3. Notice of Member's Meeting.**

Written notice stating the place, day and hour of any annual or special meeting of the members, and the purpose or purposes for which the meeting is called, shall be delivered not less than 10 days nor more than 30 days before the day 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 US mail, addressed to the member at his address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of any annual or special meeting of the members shall not invalidate any action which may be taken by the members at such meeting.

## **SECTION 4. Quorum.**

The members present in person at any regular or special meeting of the members of which notice has been given according to these Bylaws shall constitute a quorum.

## **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 majority of the members voting thereon. Voting by proxy or by power of attorney shall not be permitted. Issues, including the election of Board Directors, may be presented to the members by means of a written ballot, pursuant to policies established by the Board, forwarded to the members and returned to the Association by mail or hand delivered. Except as provided hereinafter, the Board shall determine which issues are decided by a mail ballot and what terms and conditions will regulate its use. Issues decided by a mail ballot in which the number of votes cast is equal to or greater than the number of members needed to constitute a quorum for a membership meeting shall have the same force and effect as a vote taken at a meeting of the members.

## **SECTION 6. Order of Business.**

The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

- (1) Report on the number of members present in person in order to determine 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 meetings, as the case may be.
- (3) Reading of unapproved minutes of previous meetings of the members and taking of necessary action thereon.
- (4) Presentation and consideration of reports of Officers, Directors, and Committees
- (5) Election of Directors
- (6) Unfinished business
- (7) New business
- (8) Adjournment

## ARTICLE IV

### BOARD MEMBERS

#### SECTION I. General Powers.

The business and affairs of the Association shall be managed by a Board of nine Board members until the first annual meeting and thereafter by a Board of five Board members (with such additional Board members as may be provided under Section 2 hereof), which shall exercise all of the powers of the Association except such as are by law, the Articles of Incorporation or these Bylaws, conferred upon or reserved to the members.

#### SECTION 2. Voting Districts.

The territory served or to be served by the Association shall be divided into districts as follows:

- (1) the territory of the Lake City/Sun City Exchange
- (2) the territory of the luka/Byers Exchange
- (3) the territory of the Sharon Exchange
- (4) the territory of the Turon Exchange
- (5) the territory of the Hazelton/Corwin Exchange; and
- (6) the territory of Burlington/Driftwood and Amorita/Byron Exchanges;

(7) the territory of the Kiowa Exchange;

and each of said districts shall be represented by one (1) Board member to be elected by the members from such district. In the event other exchanges are later acquired, the territory of such other exchanges, at or before the next annual meeting following their acquisition, may be designed by the Board of Directors as one or more additional districts, each such district being entitled to one (1) Director to be elected by members from such district, provided, however, the total number of districts and Directors shall not exceed nine (9).

### **SECTION 3. Election and Tenure of Office.**

The persons selected by the incorporators as Directors shall compose the Board until the first annual meeting or until their successors shall have been selected and shall have qualified. Directors shall be elected at the annual meeting of the members or until their successors shall have been selected and shall have qualified. Thereafter, such Directors shall serve until the third annual meeting after their respective elections; all Directors shall serve until their respective successors are elected and qualified. If an election of Directors shall not be held on the day designated and selected by the Board of Directors, for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors within a reasonable time thereafter. Directors shall be elected by a majority vote of the members from the respective districts electing Directors at the annual meetings, except as otherwise stated in Article IV, Section 5(3).

### **SECTION 4. Qualifications.**

(1) No person shall be eligible to become or remain a Director of the Association after the first annual meeting who:

(a) is not a member and is not a bona fide resident of the district served or to be served by the Association from which he is elected. For the purpose of this section, a bona fide resident shall be deemed to be a person who actually maintains his residence within and actually resides in said district more than six months in each calendar year; or

(b) is in any way employed by or financially interested in a competing enterprise or a business engaged in selling communication services or communication supplies for maintaining communication facilities.

(c) to remain a Director, the incumbent must attend two-thirds or more of the regular meetings during each 12 month period, beginning with the month of his/her election. The Directors may accomplish attendance at any regular or specially called meeting via teleconferencing or videoconferencing communications. Upon establishment of the fact that a Director or nominee is in violation of any of the provisions of this section, that Director or nominee position shall be deemed immediately vacant by action of the Board.

(d) To remain a Director, each Director must attend at least one meeting per year during their three year term of office which shall include at least one of the following meetings: the legislative NTCA meeting, the spring, fall, or annual NTCA meeting, the Board retreat, or other approved training seminar. Failure to comply with this meeting attendance requirement may be grounds for removal from office and/or disqualify the Director from eligibility for re-election.

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

#### **SECTION 5. Nominations.**

(1) It shall be the duty of the Board to appoint, not less than 45 days nor more than 60 days before the date of a meeting of the members at which Directors are to be elected, a committee on nominations consisting of not less than three members who shall be selected from the area that the elected Director will be representing.

(2) In those districts in which the term of the current Director will expire, the Secretary shall mail a notice to each member not less than 45 days before the date of the meeting containing the following information:

(a) the name of the current Director; and

(b) the names of those members selected for the committee.

(3) The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Association at least 30 days before the meeting, a list of nominations for Directors which shall include at least one or as many nominees for each Board position as the committee deems desirable. Any 15 or more members acting together may make other nominations by petition not less than 20 days prior to the meeting and the Secretary shall post such nominations at the place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately the nominations made by the committee, and the nominations made by petition, if any.

(4) In the event that the committee presents only one nominee for a Board position and no other nominee is presented by petition not less than 20 days prior to the meeting, then the nominee presented by the committee shall be elected by acclamation and the Secretary shall not mail ballots to the members for this Board position. Nothing in this subsection shall relieve the Secretary of the duty to mail to the members notice of the meeting and nominations made by the committee, and the nominations made by petition, if any.

#### **SECTION 6. Removal of Board Member by Members and Resignations.**

(1) Any member may bring charges against a Board member which shall specify malfeasance or nonfeasance of the duties and responsibilities of his/her position. Such charges shall be in writing and filed with the Secretary together with a petition signed by at least 10% of the members or 200 members, whichever is the lesser, and may request the removal of such Board member by reason thereof.

(2) Such Board member shall be informed in writing of the charges at least 10 days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him/her shall have the same opportunity to have counsel and present evidence. The question of the removal of such Board member shall be considered and voted upon at the meeting of the members. No Director shall be removed from office unless by a majority vote of the registered members of the Association.

(3) Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the provisions of the section concerning Nominations.

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

#### **SECTION 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 terms, 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.

#### **SECTION 8. Compensation.**

Directors shall not receive any salary for their services as Directors, except that by resolution of the Board a reasonable fee and actual expenses of attendance, if any, may be allowed for attendance at each meeting of the Board.

#### **SECTION 9. Service of Directors and Employees.**

No Director shall be elected if a relative is serving the Association as a Director or employee. Relative is defined as: mother, father, sister, brother, spouse and child. However, no incumbent Director or employee shall lose eligibility to remain a Director or employee or to be re-elected if he or she becomes a close relative of another incumbent Director or employee because of a marriage to which he or she was not a party.

## **ARTICLE V**

### **MEETING OF DIRECTORS**

#### **SECTION 1. Regular Meeting.**

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 as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. A minimum of at least 10 regular meetings shall be held each year. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the person so participating.

#### **SECTION 2. Special Meetings.**

Special meetings of the Board may be called by the President or by any three (3) Directors and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for 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 or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the US mail addressed to the Director at his address as it appears on the records of the Association, with postage thereon prepaid.

**SECTION 4. Quorum.**

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

# ARTICLE VI

## OFFICERS

**SECTION I. Number.**

The officers of the Association shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The same person may hold the offices of Secretary and Treasurer.

**SECTION 2. Election and Terms of Office.**

The first officers of the Association shall be elected by the Board selected by the incorporators at the first meeting of such Board, and such officers shall hold office, subject to other provisions of these Bylaws, until the first meeting of the Board following the annual meeting of the members and until their successors shall have been elected and qualified; and at such Board meeting following the first annual meeting of the members and thereafter, the officers shall be elected by ballot, 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 been qualified. Except as otherwise provided in these Bylaws, the vacancy in any office otherwise provided in these Bylaws, the Board shall fill the vacancy for the unexpired portion of the term.

**SECTION 3. Removal of Officers and Agents by Directors.**

Any officer or Director elected or appointed by the Board may be removed by the Board whenever, in its judgment, the best interest of the Association will be served thereby and in

addition, any member of the Association may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten per centum (10%) of the members, or 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 10 days prior to the Board meeting at which the charges are to be considered and shall have the opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

**SECTION 4. President. The President shall:**

(L) be the principal executive officer of the Association and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and of the Board; and

(2) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these Bylaws to some other officer or agent of the Association, or shall be required by law to be otherwise signed or executed; and

(3) perform all general duties incident to the office of President and other duties as may be prescribed by the Board from time to time.

**SECTION 5. Vice-President.**

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

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

(1) keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose; and

(2) see that all notices are duly given in accordance with these Bylaws or as required by laws; and

(3) be custodian of the corporate records and of the seal of the Association and affix the seal of the Association to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of the Bylaws; and

(4) keep a register of the names and post office addresses of all members; and

(5) have general charge of the books of the Association; and

(6) keep on file at all times a complete copy of the Articles of Incorporation and Bylaws of the Association containing all amendments thereto (which copy shall always be open to the

inspection of any member) and at the expense of the Association, forward a copy of the Bylaws and of all amendments thereto to each member; and

(7) perform all general duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board; and

(8) sign, with the President, certificates of membership the issue of which shall have been authorized by the Board or the members.

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

(1) have charge and custody of and be responsible for all funds and securities of the Association; and

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

(3) perform all general 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. Chief Executive Officer and/or Manager.**

The Board may appoint a Chief Executive Officer and/or Manager who may be, but who shall not be required to be, a member of the Association. The Chief Executive Officer and/or Manager 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 Association 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 Association 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.

**SECTION II. Reports.**

The officers of the Association shall submit at each annual meeting of the members' reports covering the business of the Association for the previous fiscal year. Such reports shall set forth the condition of the Association at the close of the fiscal year.

## **ARTICLE VII**

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

### **SECTION I. Indemnification of Parties to Legal Proceedings.**

(1) The Association may indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed civil action, suit, or proceeding, whether civil, criminal, administrative, or investigation (other than an action by, or in the right of the Association) by reason of the fact that such person is or was a Board member, officer, employee, or agent of the Association or who is or was serving at the request of the Association as a Board member, officer, employee, or agent of another association, corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees), adjustments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding; provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful.

(2) The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or other pleas of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Association, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

### **SECTION 2. Indemnification of Parties to Actions by or in Right of Association.**

(1) The Association shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending or completed action or suit by, or in the right of, the Association to procure a judgment in its favor by reason of the fact that such person is, or was, a Board member, officer, employee, or agent of the Association or is, or was, serving at the request of the Association as a Board member, officer, employee, or agent of another Association, corporation, partnership, joint venture, trust, or other enterprise, against expenses, (including attorney's fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Association.

(2) No indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Association, unless, and only to the extent that the court in which such action or suit was brought shall determine that upon application that despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the court shall deem proper.

### **SECTION 3. Indemnification of Person Successfully Defending.**

To the extent that a Board member, officer, employee or agent of the Association has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in the above mentioned sections of this article, and in defense of any claim, issue or matter therein, such persons may be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

### **SECTION 4. Indemnification Determinations.**

Any indemnification under the sections of this article (unless ordered by a court) may be made by the Association only as authorized in the specific case, upon a determination that indemnification of the Board member, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in the above sections. Such determination shall be made:

(1) by the Board by a majority vote of a quorum consisting of Board members who were not parties to such action, suit or proceedings; or

(2) if such a quorum is not attainable, or if obtainable, if a majority of Board members who were not parties to such action, suit or proceedings so directs, by independent legal counsel in a written opinion; or

(3) by the members.

#### **SECTION 5. Expenses Advanced.**

Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Association 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 Board member, officer, employee or agent to repay such amount, unless it shall ultimately be determined that he is entitled to be indemnified by the Association as authorized in this article.

#### **SECTION 6. 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 Board members, or otherwise, both as to action in his official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

## **ARTICLE VIII**

### **NO N-PROFIT OPERATION**

#### **SECTION I. Interest or Dividends on Capital Prohibited.**

This Association 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 Association on any membership fees or capital (excepting Equity Certificate Funds, which are not in the nature of capital) furnished by its members.

#### **SECTION 2. Patronage Capital in Connection with Furnishing Telecommunications and Information Services.**

(1) In the furnishing of telecommunications and information services, the Association operations shall be so conducted that all members will through their patronage furnish capital for the Association. In order to induce patronage and to assure that the Association will

operate on a non-profit basis the Association is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of the telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of telecommunications and information services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Association are received with the understanding that they are furnished as capital. The Association is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the Association shall be set up and kept in such manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Association shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to his account. All such amounts credited to the capital accounts of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Association corresponding amounts for capital.

(2) All non-operating 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:

(a) Allocated to its patrons on a patronage basis and any amount so allocated shall be included as part of the capital to be allocated to the accounts of the various classes of patrons in an equitable manner as approved by the Board; or

(b) Used to establish and maintain a non-operating margin reserve not assignable to patrons prior to dissolution of the Association.

(3) In the event the Association incurs an operating deficit for any one or more years, any profits for the subsequent fiscal year or years, notwithstanding anything herein to the contrary, shall first be applied to retire such deficits until same are fully retired, and such previous operating deficits shall be considered as operating expense until fully retired.

(4) In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association 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.

(5) If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to the members' accounts may be retired in full or in part. Effective April 25, 1997, the Board shall have complete discretion to determine the method, basis, priority and order of retirement, if any, for all amounts thereafter furnished as capital.

(6) Notwithstanding any other provision of these Bylaws, the Board, at its sole discretion, shall have the power at any time upon the death of any member, who was a natural person, 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; provided, however, that the financial condition of the Association will not be impaired thereby; provided, further, however, that the aggregate amounts so retired in any one year shall not exceed \$50,000.00 per

membership; and provided further, however, that, if acting under policies of general application mentioned above is not sufficient to retire the capital credited to any such patron, such patron or patrons shall have the capital credited to them retired in the next succeeding year before any other retirements are made in such succeeding year.

(7) No retirement may be made until all outstanding accounts due the Association are paid in full. Any amount due will be deducted from the refund.

(8) Retirements to estates of deceased members will be made through the last calendar year in which credits have been allocated or earned prior to the member's date of death.

(9) When a member or patron of this Association is a corporation, political body, society, fraternity, or other legal entity that dissolves, disorganizes, and ceases to exist, upon the submission of legal evidence that the firm no longer exists, it shall have the capital credits retired the same as and subject to the same conditions as those of a member that is a person and dies. Businesses that are traded, sold or reorganized shall not have their capital credits retired ahead of general requirements, but shall assign capital credits to successors in interest.

(10) In the event of dissolution of a partnership that is a member or patron of this Association, said partnership's capital credits will be reassigned to the partners based upon their request for pro rata allocation.

(11) The patrons and members of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Association and each patron and member, and both the Association and the patrons and members are bound by such contract, as fully as though each patron and member 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 and member of the Association upon making application for membership.

(12) The obligation of the Association to account for and make allocations of capital furnished by members is established in this section and shall apply only to the furnishing of retail services to end user members.

### **SECTION 3. Patronage Capital in Connection with Furnishing Other Services.**

In the event that the Association 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 cost and expense properly chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be pro rated annually on a patronage basis and returned to those members from whom such amounts were obtained at such time and in such order of priority as the Board shall determine.

## **ARTICLE IX**

### **DISPOSITION OF PROPERTY**

The Association may not sell all or substantially all of its property unless such sale is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Association, and unless the notice of such proposed sale shall have been contained in the notice of the meeting; provided however, this article shall not affect the rights of the officers and Board to sell a portion of the corporate property or to mortgage or lease all or any part of the corporate property.

## ARTICLE X

### SEAL

The corporate seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association and the word "Corporate Seal, Medicine Lodge, Kansas."

## ARTICLE XI

### 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 Association, and such authority may be general or confined to specific instances.

#### SECTION 2. Checks, Drafts, etc.

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

#### SECTION 3. Deposits.

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

#### SECTION 4. Change in Rates.

Written notice shall be given to the Administrator of the Rural Utilities Service (RUS) which was formerly known as the Rural Electrification Administration (REA) of the United States of America not less than 90 days prior to the date upon which any proposed change in the monthly rates charged by the Association for telephone service becomes effective.

#### SECTION 5. Fiscal Year.

The fiscal year of the Association shall begin on the 1st day of January of each year and shall end on the 31st day of December of the same year.

# ARTICLE XII

## MISCELLANEOUS

### **SECTION 1. Membership in Other Organizations.**

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

### **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 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 Association.

### **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 the RUS of the United States of America. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Association as of the end of such fiscal year. A summary of the audit reports shall be submitted to the members at the next following annual meeting.

### **SECTION 5. Set Off.**

The Association shall be entitled to set off against any claims which it may have against any patron, any amounts which the Association may owe the patron.

# ARTICLE XIII

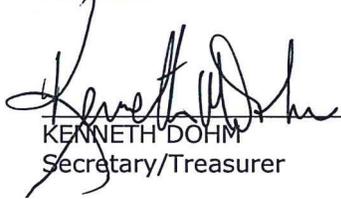
## AMENDMENTS

These Bylaws may be altered, amended, repealed or rewritten by the affirmative vote of not less than a majority of the Directors in office, at any regular or special Board 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; provided, however, that the provisions relating to a major disposition of the Association's property, and the provisions relating to the dissolution of the Association, may be altered, amended or repealed only by the

affirmative vote of not less than two-thirds of all current members of the Association voting in person and without proxies. When the Board effects Bylaw changes or revisions for sections other than those relating to a major disposition of the Association's property or those relating to the dissolution of the Association, the specific changes or revisions become effective 30 days after they are promulgated to the membership at-large.

Adopted this 28th day o March, 2019.

  
MIKE VANCAMPEN  
President

  
KENNETH DOHM  
Secretary/Treasurer