

**AMENDED AND RESTATED BYLAWS OF  
KANOKLA TELEPHONE ASSOCIATION  
Effective May 25, 2023**

**ARTICLE I  
MEMBERSHIP**

**Section 1.1**     **Eligibility.** Any person, firm, association, corporation, or body politic or subdivision thereof physically located within the regulated service area of KanOkla Telephone Association or KanOkla Shidler, LLC will become a member of KanOkla Telephone Association or KanOkla Shidler, LLC (together hereinafter called “Co-op”) upon receipt of telecommunications and/or information services (hereinafter referred to as “Services”), from Co-op. The regulated service area of the Co-op is comprised of the seven voting districts described in Section 4.2. Membership is automatic and instantaneous; however, each member shall:

- (a)     Make a written application for membership for Co-op’s records;
- (b)     Agree to purchase Services from Co-op as hereinafter specified, as well as pay other charges for services that the member uses and that Co-op is obligated by law or contract to collect;
- (c)     Agree to comply with and be bound by the Articles of Incorporation and Bylaws of Co-op, and any rules and regulations adopted by the Board of Directors (hereinafter called the “Board”); and,
- (d)     Pay any membership fee as hereinafter may be specified.

The status of all membership shall be as reflected upon the books of the Co-op and no membership certificates will be issued.

**Section 1.2**     **Definitions and Classifications.**

- (a)     Membership in Co-op is effected by:
  - (1)     Procuring Co-op’s central office dial tone and/or Internet access service via Consumer Broadband only Loops from Co-op (hereinafter called “active member”) from within the regulated service area of Co-op; and,
  - (2)     Providing a continuing telecommunications or Internet access service revenue stream for Co-op.

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

- (b)     Co-op may have one or more classes of members to accommodate the various types of services. If Co-op has more than one class of membership, the definitions, the types, the qualifications, and the rights of each class shall be determined by the Board.
- (c)     Exchange and interexchange carriers who participate with Co-op in the provision of telecommunications services to members are neither members nor patrons.
- (d)     No member may hold more than one membership of each class in Co-op. No membership in Co-op shall be transferable, except on the books of Co-op and as provided for in these Bylaws.
- (e)     Memberships in Co-op are extended to individual or joint members (natural or corporate) who meet the requirements of Section 1.1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be continued until and unless by written request the members desire to make it an individual membership. Individual memberships will be freely transferable on the books of Co-op between any persons in the same household or corporation upon request in writing. Thus, the term “member” as used in these Bylaws shall refer to an individual or joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holder 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:
  - (1)     The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
  - (2)     The vote of either separately or both jointly shall constitute one joint vote;
  - (3)     A waiver of notice signed by either or both shall constitute a joint waiver;
  - (4)     Notice to either shall constitute notice to both;
  - (5)     Expulsion of either shall terminate the joint membership;
  - (6)     Withdrawal of either shall terminate the joint membership;
  - (7)     Either, but not both, may be elected or appointed as an officer or board member if individually qualified, except as provided for in Section 4.3(g);

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

**Section 1.3** **Membership Fees.** The membership fee, if any, shall be determined by the Board at a uniform amount and set 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 accounts; however, the membership fees taken from accrued capital credits shall not be refunded upon termination of membership, but will be paid out under the provision of Co-op's general and special capital credit retirement Bylaws.

**Section 1.4** **Purchase of Services.** Each person who applies for service shall, as soon as service is available, take service from Co-op. The member shall pay therefore monthly at rates in accordance with either established tariffs for tariffed services or price schedules for non-tariffed services, or for the services rendered by other carriers at the rates which Co-op is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by Co-op for all services in excess of costs are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these Bylaws. However, Co-op is not obligated to furnish such credits for services which are not billed and collected by Co-op even when such services are partially rendered over the facilities of Co-op. Each member shall pay the above amounts owed by him or her to Co-op as and when the same become due and payable.

**Section 1.5** **Termination of Membership.**

- (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all 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 notice by the Secretary in the manner determined by the Board that such failure makes them 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 a vote of the Board or by a vote of the members at any Annual or Special Meeting.
- (b) Upon the withdrawal, death, cessation of service or expulsion of a member, the membership of such member shall thereupon terminate and will be so recorded on the books of Co-op. Termination of membership in any manner shall not release a member or his or her estate from any debts due Co-op, nor do unpaid bills release a member from his or her obligations under these Bylaws or rules and regulations approved by the Board.
- (c) In case of withdrawal or termination of membership in any manner, Co-op shall repay to the member the amount of the membership fee credited to the member's account, provided, however, that Co-op shall deduct from the amount of the membership fee, the amount of any debts or obligations owed by the member to Co-op.
- (d) When a member's address remains unknown to Co-op for a period of at least twenty-four (24) consecutive months, Co-op shall have the right to cancel the membership, and the membership fee and the accrued capital credits and any deposits credited to the account of such member shall be transferred to an Educational Fund, which may be used for the education of employees and the public.

## **ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS**

**Section 2.1** **Property Interest of Members.** Upon dissolution, after (a) all debts and liabilities of Co-op have been paid, and (b) all membership fees shall have been repaid; the remaining property and assets of Co-op shall be distributed among all the members of Co-op as they may direct, or as may be provided by law. Termination of membership shall operate as a release of all right, title, and interest of the members in the property or assets of Co-op.

**Section 2.2** **Non-Liability for Debts of Co-op.** The private property of the members shall be exempt from execution or other liability for the debts of Co-op and no member shall be liable or responsible for any debts or liabilities of Co-op.

**ARTICLE III  
MEETING OF MEMBERS**

**Section 3.1**      **Annual Meeting.** The Annual Meeting of the members shall be held each year, at such time and place in or near an area served by Co-op, as shall be determined by the Board of Directors, for the purpose of nominating Directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the nomination of Directors shall not be held on the date designed for any Annual Meeting or at any adjournment thereof, the Board of Directors shall cause the nomination to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of Co-op.

**Section 3.2**      **Special Meetings.** Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three Directors, by the President, or by not less than 200 active members or ten percent (10%) of all the active 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 Meeting of the members may be held at any place within one of the counties served by Co-op as designated by the Board and specified in the notice of the Special Meeting.

**Section 3.3**      **Notice of Membership Meeting.** Notice stating the place, day, and hour of the meeting, and in case of a Special Meeting or an Annual Meeting at which business requiring special notice is to be transacted, the purposes for which the meeting is called shall be delivered no less than ten (10) days nor more than twenty (20) days before the date of the meeting, either personally, by regular mail, or by electronic mail (hereafter "email") or at the direction of the Secretary, or upon default in duty by the Secretary, by the persons calling the meeting, to each member. If by regular mail, such notice shall be deemed to have delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of Co-op, with postage thereon prepaid. If by email, such notice shall be deemed to have delivered when sent to the email address as it appears on the records of Co-op. The incidental or unintended failure any member to receive notice of an Annual or Special Meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

**Section 3.4**      **Quorum.** Business may not be transacted at any meeting of the members unless there are present in person at least fifty (50) active members or two percent (2%) of the then total active members of Co-op, whichever is greater, except that, if less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting to another time and date. At all meetings of the members, whether a quorum is present or not, the Secretary shall affix to the meeting minutes, or incorporate therein by reference, a list of those active members who were registered as present in person.

**Section 3.5**      **Voting Procedures.** Voting on any membership business shall be done according to the following procedures:

- (a) Voting to approve or amend minutes, approve reports, place Director candidates on the ballot, or place unfinished or new business on the ballot, shall be done at the membership meeting, by motion and second and voice or hand vote.
- (b) Voting on unfinished or new business shall done in the manner determined by the Board, according to Section 3.6.
- (c) Voting on the election of Directors shall be done in the manner determined by the Board, according to Section 3.6 and Section 4.5.

**Section 3.6**      **Unfinished/New Business.** Voting on unfinished or new business shall be done according to the following procedures:

- (a) The Secretary shall cause an official ballot, together with a description of each item of business, to be distributed as determined by the Board to each active member within ten (10) business days after the date of the membership meeting. No ballot will be distributed to a patron who was not an active member on the date of the membership meeting.
- (b) Upon receipt of the ballot, the member shall follow the included voting instructions to vote the ballot and return the ballot to the independent agent as instructed.
- (c) If the ballot is destroyed or spoiled or lost or not received by a member, the member may obtain a replacement ballot from the main office of Co-op, in person, but the member requesting a replacement ballot shall sign a receipt, verified under penalty of perjury. No replacement ballot will be given to a patron who was not an active member on the date of the membership meeting.

- (d) The Board shall hire the services of an independent agent to receive and count the ballots.
- (e) All ballots must be received by the independent agent on or before 5:00 pm of the day that is twenty (20) business days after the date of the membership meeting. A ballot will be counted only if the voting member followed the included voting instructions.
- (f) The vote will not be valid unless the number of ballots eligible to be counted equals at least two percent (2%) of the total number of all of the active members of Co-op, determined as of the date of the membership meeting.
- (g) The members shall be notified of the voting results in the manner determined by the Board.

**Section 3.7** **Order of Business.** The order of business at the Annual Meeting of the members and, so far as possible at all other meetings of the members, shall be conducted under policies established by the Board and under an agenda essentially as follows, except as otherwise determined by the members at such meeting:

- (a) Reporting on the number of members present in person in order to determine the existence of a quorum.
- (b) Reading the Notice of Meeting and proof of the timely distribution thereof, or the waiver or waivers of Notice of Meeting, as the case may be. The President may entertain a motion from the floor to dispense with the reading of such Notice.
- (c) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon unless minutes presented for approval shall have been furnished by a timely mailing or have been distributed at the meeting to all members present. The President may entertain a motion from the floor to dispense with the reading of such minutes.
- (d) Presenting and considering of reports of officers, Directors, and committees.
- (e) Nominating of Director candidates.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

## ARTICLE IV BOARD OF DIRECTORS

**Section 4.1** **General Powers.** The business and affairs of the Co-op shall be directed by a Board of seven (7) Directors, which shall exercise all the 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 4.2** **Election and Tenure of Office.** The exchange areas served by Co-op shall be divided into seven (7) districts for the purpose of election of and representation by the Board of Directors and shall consist of the following exchanges:

- District One: The area and members of the Bluff City, Waldron, and Manchester exchanges.
- District Two: The area and members of the Freeport/Danville, Mayfield, and Corbin exchanges.
- District Three: The area and members of the South Haven and Geuda Springs exchanges.
- District Four: The area and members of the Braman, Shidler, Foraker, Grainola, Webb City, and Wynona exchanges.
- District Five: The area and members of the Hardtner and Capron exchanges.
- District Six: The area and members of the Jet and Goltry exchanges.
- District Seven: The area and members of the Caldwell and Renfrow exchanges.

- (a) Shall Co-op acquire any additional exchanges, they shall be assigned to one of the above districts by resolution of the Board of Directors, who shall keep in mind the desire to equalize, as nearly as practical, the number of members represented by each district.
- (b) Members of Co-op shall elect by ballot, Directors for the expired terms for a full term of three (3) years by acclamation at the Annual Meeting or in the manner determined by the Board. No Director shall serve more than five (5) consecutive terms; provided, however, that a Director shall serve until his or her successor shall have been elected and shall have qualified.

**Section 4.3** **Qualifications to be Nominated, Elected, and Remain a Director.** To be qualified and serve as a Director, a person must:

- (a) be an active member of Co-op; and

- (b) maintain his or her principal address within the district represented, or to be represented, by him or her, and have done so for at least two consecutive years immediately prior to nomination, and reside in his or her principal residence at least nine (9) months per year; and
- (c) not be a current or terminated employee of Co-op, and if a former employee of the Cooperative or its subsidiary companies, cannot be eligible to become a Director within five (5) years of their separation from employment; and
- (d) not be a close relative of a Director or an employee, a close relative being a spouse, child, parent, grandchild, grandparent, sister, brother, aunt, uncle, niece, nephew, or first cousin, or not be a close relative of the spouse of a Director or an employee, a close relative being a spouse, child, parent, grandchild, grandparent, sister, brother, aunt, uncle, niece, nephew, or first cousin; and
- (e) not have been convicted of a felony or of any criminal offense involving dishonesty or breach of trust; and
- (f) not be in any way employed by or financially interested in a competing enterprise or a business engaged in selling competing service or supplies, or constructing or maintaining competing facilities. Ownership of stock traded on a major stock exchange shall not be a violation of this subsection.
- (g) If a sitting Director has announced that they are not seeking re-election, nothing within this Section 4.3 shall prohibit a close relative of such Director from seeking nomination, and potential election as a Director. The intent of Section 4.3(d) and Section 4.3(g) is that close relatives not serve on the Board at the same time.

To remain a Director after being elected, a Director must continue to meet the qualifications under subsections (a) through (g) above, and must attend:

- (a) at least eleven (11) of the regular board meetings during each twelve (12) month period, beginning with the month following his or her election; and
- (b) each annual membership meeting of Co-op during his or her term of office; and
- (c) at least one (1) continuing education meeting and one (1) strategic planning meeting during each twelve (12) month period, beginning with the month following his or her election; and
- (d) provided, however that attendance may be excused by the Board for good cause.

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 4.4 Nomination of Directors.** It shall be the duty of the Board of Directors not less than sixty (60) days before the date of the Annual Meeting of the members at which Directors are to be nominated to appoint a committee on nominations consisting of three (3) members who shall be selected from different sections of the district. The committee shall prepare and post at the principal office of Co-op, not less than thirty (30) days before the meeting, a list of nominations for Directors. At least one candidate shall be nominated for each open position. The Secretary shall distribute, as determined by the Board 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. Such statement shall also designate the candidates nominated by the committee.

**Section 4.5 Election of Directors.** Voting on the election of Directors shall be done according to the provisions of Section 3.6 and the following:

- (a) Directors shall be elected by a plurality vote, not a majority vote, so that in an election with multiple candidates, the candidate who receives the highest number of votes will be the candidate who is elected.
- (b) In case of a tie vote, the winner shall be determined by a coin toss.
- (c) The elected Directors shall take office and begin serving on the first day of the next month immediately following elections.
- (d) If an elected Director resigns or dies, or becomes disqualified to serve before taking office, the office of that Director is vacant, and the vacancy shall be filled according to Section 4.7.

**Section 4.6 Removal of Officers and 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 Co-op will be served thereby. In addition, any member of Co-op may bring charges against an officer or Director, and by filing with the secretary such charges in writing, together with a petition signed by ten percent (10%) of the active members, or 200 active members, whichever is the lesser, may request removal of such officer or Director. He or she shall be informed in writing, in the manner determined by the Board,

of the charges at least ten (10) days prior to the Board meeting (for removal of officer) or membership meeting (for removal of Director) at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him or her shall have the same opportunity. In the event the Board does not remove such officer, the question of his or her removal shall be voted on according to Section 3.6. The question of such Director removal shall be done according to Section 3.6, and nomination and election to fill such vacancy shall be done according to Sections 4.4 and 4.5.

**Section 4.7** **Vacancies.** Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, or death or resignation of a Director, 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 a vacancy is created by the removal at a membership meeting, the active members shall have the right to fill such vacancy according to Section 4.6.

**Section 4.8** **Compensation.** Directors shall not receive any salary for their service as Directors, but by resolution of the Board a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board and meetings, conferences, and training programs, as well as performing committee assignments, as required when carrying out Co-op's business when authorized by the Board. No Directors shall receive compensation for serving Co-op in any other capacity, nor shall any close relative of a Director receive compensation for serving Co-op unless the payment and amount of compensation shall be specifically authorized by a vote of the member or the service by such Director or close relative shall have been certified by the Board as an emergency measure.

## ARTICLE V MEETINGS OF THE BOARD

**Section 5.1** **Regular Board Meetings.** A regular meeting of the Board shall also be held monthly at such time and place as the Board may provide by resolution fixing the time and place thereof.

**Section 5.2** **Special Board Meeting.** 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 meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meetings.

**Section 5.3** **Notice of Special Board 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 in the manner determined by the Board, by or at the direction of the Secretary, or upon a default in duty of the Secretary, by the President or the Director calling the meeting. If by regular mail, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the Director at his/her address as it appears on the records of the Co-op, with postage thereon prepaid. If by email, such notice shall be deemed to be delivered when sent to the email address as it appears on the records of Co-op.

**Section 5.4** **Quorum.** A majority of the Board shall constitute a quorum, provided, that if less than such 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.

**Section 5.5** **Unanimous Consent in Writing.** Unless otherwise prohibited by law, Board action may be taken without a meeting, and without a vote if unanimous consent of the Board is obtained in writing setting forth the action to be taken in detail, and the document is signed by all Board members entitled to vote.

**Section 5.6** **Telephone Board Meeting.** Subject to the requirement for notices of meetings, unless otherwise restricted by the Articles of Incorporation or these Bylaws or by law, the Directors may participate in and hold a meeting of the Board of Directors by means of conference telephone or similar communications equipment whereby all persons participating in the meeting can hear each other and participation in a meeting in this manner shall constitute presence in person at such meeting.

## ARTICLE VI OFFICERS

**Section 6.1**     **Number.** The officers of Co-op shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The offices of Secretary and Treasurer may be held by the same person.

**Section 6.2**     **Election and Term of Office.** The offices shall be elected by ballot, if there is a contest, annually by and from the Board at the meeting of the Board held immediately following the election of Directors. If the election of offices 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 his/her 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 6.3**     **President.** The President shall:

- (a) be the principal officer of Co-op and, unless determined by the members or the Board, shall preside at all meetings of the members and the Board;
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly designated by the Board or these Bylaws to some other officer or agent of 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 President and such other duties as may be prescribed by the Board from time to time.

**Section 6.4**     **Vice-President.** In the absence of the President, or in the event of his/her inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned to him/her by the Board.

**Section 6.5**     **Secretary.** The Secretary shall:

- (a) See that minutes of the meetings of the members and of the Board are kept in books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law; and
- (c) 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.

**Section 6.6**     **Treasurer.** The Treasurer shall:

- (a) Oversee the Board responsibility for all funds and securities of Co-op.
- (b) 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/her by the Board.

**Section 6.7**     **Chief Executive Officer.** The Board shall appoint a chief executive officer who may be, but who shall not be required to be, a member of Co-op, and who shall perform such duties and shall exercise such authority as the Board may from time-to-time vest in them.

**Section 6.8**     **Bonds.** The Board shall require the Treasurer or any other officer or agent of Co-op charged responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent, or employee of Co-op to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be borne by Co-op.

**Section 6.9**     **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 6.10**    **Reports.** The officers of Co-op shall submit at each Annual Meeting of the members reports covering the business of Co-op for the previous fiscal year. Such reports shall set forth the conditions of Co-op at the close of such fiscal year. Such reports shall include the net cost to Co-op of the Directors' expenses.

**ARTICLE VII  
INDEMNIFICATION OF OFFICERS, BOARD MEMBERS,  
EMPLOYEES, AND AGENTS**

**Section 7.1**      **Scope of Indemnification.** Co-op shall indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, or investigative (other than an action by, or in the right of Co-op) by reason of the fact that such person is or was a board member, officer, employee, or agent of Co-op or who is or was serving at the request of Co-op as a Board member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses (including attorney's fees) adjustment, finds, 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 Co-op, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement conviction, or upon 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 Co-op and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

**Section 7.2**      **Indemnification for Good Faith Action.** Co-op 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, or is in the right of, Co-op 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 Co-op, or is or was, serving at the request of Co-op as a Board member, officer, employee, or agent of another cooperative, 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 Co-op. 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 Co-op, unless, and only to the extent that the court in which such action or suit was brought shall determine 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 7.3**      **Cost of Defense Indemnified.** To the extent that a Board member, officer, employee, or agent of Co-op has been successful, on the merits or otherwise in the defense of any action, suit, or proceeding referred to in Sections 7.1 and 7.2, in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses (including attorney's fees) actually and reasonably incurred by such person in connection therewith.

**Section 7.4**      **Expenses Advanced.** Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by Co-op 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/she is entitled to be indemnified by Co-op as authorized in this Article.

**Section 7.5**      **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 or her 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, executives, and administrators of such a person.

**Section 7.6**      **Insurance Coverage.** Co-op may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee, or agent of Co-op, or who is or was serving at the request of Co-op as a Board member, officer, employee, or agent or another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not Co-op would have the power to indemnify such person against any liability under the provisions of this article.



**ARTICLE VIII  
NON-PROFIT OPERATION**

**Section 8.1**     **Interest or Dividends on Capital Prohibited.** 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 Co-op on any capital furnished by its members.

**Section 8.2**     **Patronage Capital in Connection with Furnishing Telecommunications and Information Services.**

- (a) In the furnishing of telecommunications and information services, Co-op's operations shall be so conducted that all members will through their patronage furnish capital for Co-op. In order to induce patronage and to ensure that Co-op will be operated on a non-profit basis, Co-op is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of telecommunications and information services in excess of operating costs and expenses properly chargeable against the furnishing of such service. All such amounts in excess of operating costs and expenses at the moment of receipt by Co-op are received with the understanding that they are furnished by the members as capital, Co-op is obligated to pay all credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of Co-op 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. Co-op shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to his or her 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 Co-op corresponding amounts for capital.
- (b) All other non-operating income received by Co-op from its operation in excess of costs and expenses shall, insofar as permitted by law, be:
  - (1) Used to offset any losses incurred during the current or any prior fiscal year; and
  - (2) To the extent not needed for that purpose, may be transferred into reserve accounts by the Board for early retirement of debt and construction of plant facilities that will improve services to the members.
- (c) For purposes of Section 8.2(a), unless otherwise determined by the Board of Directors, the Co-op is deemed to furnish telecommunications and information services which are provided with or through a subsidiary limited liability company or similar entity ("Sub") which is treated as a disregarded entity for Federal income tax purposes. The amounts received and receivable by a Sub shall be treated as amounts received or receivable by Co-op for purposes of Section 8.2(a) and all such amounts in excess of operating costs and expenses at the moment of receipt are received with the understanding that they are furnished by the members as capital, Co-op is obligated to pay all such amounts to its members in accordance with Section 8.2(a). For avoidance of doubt, Shidler constitutes a Sub for purposes of this Article VIII. Subject to Section 8.2(a), for purposes of determining Co-op's operating income, operating costs, non-operating income and non-operating costs, Co-op shall take into account any activities conducted by Co-op through a Sub, treat Co-op's share of such Sub's activities as if they were conducted directly by Co-op. In addition, for purposes of determining credits to be allocated to a member and paid to the member's capital account, Co-op shall take into account its share of Co-op's service provided by a Sub to a member as though Co-op provided such Co-op service to such member directly. If and to the extent determined by the Board of Directors, the Co-op is hereby authorized to determine its patronage dividends based upon separate pools of income to allocate and distribute among its members in accordance with this Section 8.2.
- (d) If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members accounts may be retired in full or in part. All allocations and retirements of capital shall be at the discretion and direction of the Board as to kind, timing, method, and type of assignment and distribution. Before the retirement of any capital credited to the account of any patron, the Board, in its sole discretion, shall have the authority to deduct from the patron's capital account any amount owed to Co-op by the patron.
- (e) In the event of dissolution or liquidation of Co-op, after all outstanding indebtedness of 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. Any such retirements of capital shall be at the discretion and direction of the Board as to timing, method, and type of retirement.

- (f) Capital credited to the account of each member shall be assignable only on the books of Co-op, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy, in all or in a part of such member's premises served by Co-op unless the Board, acting under policies of general application, shall authorize other types of assignments. Members at any time may assign their capital credits back to Co-op and Co-op is authorized to negotiate capital credit settlement arrangements with bankrupt members.
- (g) Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any natural person member, who is an individual or joint member, if the legal representative of his or her estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would be retired in a general retirement under provisions of these bylaws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and legal representative of such member's estate shall agree upon, or if the member is not a natural person, but either quits business, dissolves, or becomes bankrupt, after a period of over one (1) year will not be given the option of taking present day value upon such terms and conditions as the Board, acting under policies of general application, and legal representative of such member shall agree upon; provided, however, that the financial condition of the Co-op will not be impaired thereby.
- (h) When the capital credits of any member no longer receiving service from Co-op comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other members is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over. All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by Co-op as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.
- (i) The members of Co-op, by dealing with Co-op, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract both between Co-op and each member, and further, between all the members themselves individually. Both Co-op and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions with Co-op and each of its members. The provisions of this Article of the Bylaws shall be called to the attention of each member of Co-op by posting in a conspicuous place in Co-op's office or by publication distributed by Co-op to its members.

**Section 8.3** **Patronage Capital in Connection with Furnishing Other Services.** In the event that Co-op should engage in the business of furnishing goods or services other than telecommunications and Information services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be treated as other non-operating income under Section 8.2(b)(2).

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

**Section 9.1** **Disposition and Pledging of Property.** Co-op may not sell, lease, or otherwise dispose of all or any substantial portion in excess of ten percent (10%) of its total assets unless such sale, lease, or other disposition is:

- (a) Authorized by the then-total active members by the affirmative vote of at least two-thirds (2/3) of the total members of the Co-op according to the provisions of Section 3.6, and
- (b) Authorized by the holders of at least seventy-five (75%) of the outstanding indebtedness of Co-op, and
- (c) Proceeded by a notice of meeting at which such sale, lease, or other disposition is to be voted on as provided under Section 16.

Notwithstanding the foregoing provisions of this Section, the members of Co-op delegate to the Board the power and authority:

- (1) To borrow monies from any source and in any such amounts as the board may from time to time determine are needed in pursuit of Co-op's business purposes, and

- (2) To mortgage or otherwise pledge or encumber any and all of Co-op's property or assets as security therefore, and
- (3) With respect to other organizations only, to sell and lease back any of Co-op's property or assets.

Supplementary to the foregoing paragraphs of this Section and any other applicable provisions of law of these Bylaws, no sale, lease, lease-sale, exchange, transfer, or other disposition within a single calendar year, or physical plant of Co-op with net value in excess of ten percent (10%) of Co-op's total assets, based upon the most recent audit of Co-op, shall be authorized except in conformity with the following:

- (1) If the Board looks with favor upon any proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) nonaffiliated appraisers, expert in such matters, to render their individual opinions as to the value of Co-op with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition, and as to any other terms and conditions which should be considered. The three (3) independent appraisers shall be designated by a District Court resident Judge for the Judicial District in which Co-op's headquarters are located. If such Judge refuses to make such designations, they shall be made by the Board.
- (2) If the Board after receiving such appraisals (and other terms and conditions which are submitted, if any) determines that the proposals should be submitted for consideration by members, it shall first give by notice in appropriate publications other cooperatively organized entities an opportunity to submit competing proposals. Any interested cooperatively organized entity shall be sent copies of any proposals Co-op has already received and copies of the respective reports of the three (3) appraisers. Such other interested cooperatively organized entities shall be given not less than thirty (30) days during which to competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.
- (3) If the Board then determines that favorable consideration should be given to the initial or any subsequent proposal, which has been submitted to it, it shall so notify the members not less than sixty (60) days before noticing a special meeting of the members thereon or, if such be the case, the next annual member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof and action thereon, which meeting shall be held not less than ten (10) or more than thirty (30) days after giving the Notice thereof to the members; provided that consideration and action by the members may be given at the next annual meeting if the Board so determines and if such annual meeting is held not less than ten (10) nor more than thirty (30) days after the giving of notice of such meeting. Members shall vote in accordance with Section 3.6.
- (4) Any fifty (50) or more active members, by so petitioning the Board not less than thirty (30) days prior to the date of such special or annual meeting, may cause Co-op, with the cost to be borne by Co-op, to distribute to all members in the manner determined by the Board any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the Board has made.

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

## ARTICLE X SEAL

**Section 10.1** Seal. The corporate seal of Co-op shall be in the form of a circle and shall have inscribed thereon the name of Co-op and the words "Corporate Seal, Kansas."

## ARTICLE XI FINANCIAL TRANSACTIONS

**Section 11.1** 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 Co-op, and such authority may be general or confined to specific instances.

**Section 11.2** Checks, Drafts & Etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of Co-op shall be signed by such officer or officers, agent or agents, employee or employees of Co-op and in such manner as shall from time to time be determined by resolution of the Board.

**Section 11.3** Deposits. All funds of Co-op shall be deposited from time to time to the credit of Co-op in such bank or banks as the Board may select.

**Section 11.4** Fiscal Year. The fiscal year shall begin on January 1 and end on December 31.

## **ARTICLE XII MISCELLANEOUS**

**Section 12.1** Membership in Other Organizations. Co-op may become a member or purchase stock in other profit or nonprofit organizations, associations, partnerships, or joint ventures.

**Section 12.2** Waiver of Notice. Any member or Director may waive, in writing, any notice of a meeting required to be given by these Bylaws. The attendance of 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 ground that the meeting has not been lawfully called or convened.

**Section 12.3** 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 Co-op.

## **ARTICLE XIII AMENDMENTS**

**Section 13.1** Amendments of Bylaws. These bylaws may be altered, amended, or repealed by the members by the affirmative vote of not less than two-thirds (2/3) of the number of valid ballots received by the independent agent. The alteration, amendment, or repeal of these bylaws shall be considered only at a meeting for which notice of bylaw changes has been given. Voting on the alteration, amendment, or repeal of these bylaws shall be done in the manner determined by the Directors according to the provisions of Section 3.6 of these bylaws.