

OFFICIAL BYLAWS OF
COLUMBUS TELEPHONE COMPANY, COLUMBUS, KANSAS

Article I. Name and Place of Business.

Section 1. The name of the cooperative corporation ("cooperative corporation" or "cooperative") shall be Columbus Telephone Company. Its principal office and place of business shall be located at 224 South Kansas Avenue, Columbus, Kansas.

Article II. Board of Directors.

Section 1. The property and business of the cooperative corporation shall be managed and controlled by a Board of Directors composed of six (6) members who shall be members of the cooperative corporation. The Directors shall be chosen by election of the members at an annual meeting of the members. Two Directors shall be elected to regular terms of three years each at each annual meeting. They shall serve until their successors are elected and qualified. In event of a vacancy in office of any Director by reason of death, resignation, or disqualification, the vacancy created shall be filled by a majority vote of the remaining Directors, and the successor so elected shall hold office until the next annual meeting of the members, at which time a Director shall be elected by the members to fill the balance of the unexpired term, if any exists.

Article III. Annual and Special Meetings.

Section 1. An annual meeting of the members of the cooperative corporation shall be held on the last Wednesday in February of each year, at 4:00 p.m. at the office of the cooperative corporation, in Columbus, Kansas, for the purpose of electing two Directors to regular terms on the Board of Directors, to fill any vacancies upon the Board of Directors, and to transact such other

be properly before the meeting.

Section 2. Special meetings of the members of the cooperative corporation may be called by the President on his own motion or by the Secretary upon written request of a majority of the Directors. Notice of such special meetings shall be given by publication in a newspaper of general circulation published at Columbus, Kansas, seven (7) days prior to said meeting, and such notice shall specify the purpose of the meeting, the matters to be considered by the members, and the time and place of said meeting. Voting privileges and qualifications shall be the same as at annual meetings.

Section 3. **Quorum at Annual or Special Meeting of Members.** Thirty-four percent of the members, who shall be present or represented by proxy at any annual meeting or special meeting of the members shall constitute a quorum for, and the votes that shall be necessary for, the transaction of any business.

Article IV. Voting

Section 1. Each member shall have but one vote in all matters pertaining to the business of the cooperative corporation.

Section 2. Voting may be made in person, by proxy vote, or by self effectuating proxy vote.

Section 3. **Proxy Vote.** A member may authorize another person or persons to act for said member as proxy. Said member may grant such authority by executing a writing authorizing another person or persons to act as proxy or by returning duly completed ballot/proxy form.

Section 4. **Self Effectuating Proxy.** Any member who fails to return either a written authorization of designated proxy or ballot/proxy form is deemed to have granted a proxy to the

officers of the cooperative corporation to conduct business at the meeting.

(a) In the event the proxy solicitation is for the election of directors, a failure to return either a written authorization of designation of proxy or ballot/proxy form is deemed by default to be an effective proxy vote of yes for the designated nominees for director of the cooperative corporation.

Article V. Officers and Organization.

Section 1. The Board of Directors shall convene immediately following adjournment of each annual meeting, or within one week thereafter, and shall elect a President and Vice-President from among their number. The Board of Directors shall also elect a Secretary and a Treasurer who shall be qualified persons but need not be members of the cooperative corporation or members of the Board of Directors.

Section 2. A majority of the members of the Board of Directors shall constitute a quorum for the transaction of business.

Section 3. A meeting of the Board of Directors shall be held each month at the cooperative corporation's office. This meeting may be adjourned to some other place for the transaction of business of the cooperative corporation if the members of the Board of Directors present shall so agree. The date and hour of said meetings shall be set by the Board of Directors.

Section 4. A special meeting of the Board of Directors shall be held whenever the President shall call one upon his own motion, and shall be called by the Secretary whenever requested in writing signed by a majority of the Directors. Notice of such special meeting shall be given to each Director by mail at least five (5) days prior to the time of such meeting or to him in person, or by telephone, or by e-mail at least 24 hours prior to the time of such meeting. Such notice shall state the

time and place of the special meeting and the matters to be acted upon by the Board of Directors.

Section 5. **Compensation.** The compensation, if any, of the members of the Board of Directors for services performed as Directors shall be determined by the members at any annual or special meeting of the members; Provided, however, that no member of the Board of Directors, shall receive compensation or allowance for services rendered the cooperative corporation as a Director for more than thirty (30) days in any one year, exclusive of the periods for which compensation is paid for attendance at meetings of the Board of Directors.

Article VI. Duties of Directors.

Section 1. **Management of Business.** The Board of Directors shall have general supervision and control of the business and affairs of the cooperative corporation and shall make all rules and regulations not inconsistent with law or with these Bylaws for the management of the business and guidance of the members, officers, employees, and agents of the cooperative corporation. They shall cause to be installed an accounting system which shall be adequate to the requirements of the business, and it shall be their duty to require proper records to be kept of all business transactions of the cooperative corporation.

Section 2. **Employment of Manager.** The Board of Directors shall have power to employ or to authorize the employment of a manager and such other employees as may be deemed necessary and to fix the amounts of their compensation. The manager shall have charge of the business of the cooperative corporation under the direction of the Board of Directors.

Section 3. **Bonds and Insurance.** The Board of Directors shall require the manager and all other officers, agents, and employees charged by the cooperative corporation with responsibility

for the receipt, custody, and disbursement of any of its funds or negotiable instruments to give adequate surety bonds to the cooperative corporation to assure the safety and integrity of such funds and instruments. Such bonds shall be furnished by a responsible bonding company and shall be approved by the Board of Directors. The cost of such bonds shall be paid by the cooperative corporation. The Board of Directors shall provide for the adequate insurance of the property of the cooperative corporation, or property which shall be in the possession or bailment of the cooperative corporation, or stored by it and not otherwise adequately insured, and in addition shall procure and provide adequate insurance covering liability of the cooperative corporation for accidents to all employees and the public, and for worker's compensation liability.

Section 4. **Financial Oversight.** Qualified independent public accountants shall be engaged annually by the Board of Directors to provide financial oversight services regarding the financial operations and records of the cooperative corporation. The level of services to be provided shall be determined at the discretion of the Board of Directors. The officers and employees of the cooperative corporation shall make all records, accounts, documents and property of the cooperative corporation available to the independent accountants. A report resulting from these services shall be made available to the members at the next annual meeting. The Board of Directors may authorize special audits, complete or partial, at any time.

Section 5. **Depositories.** The Board of Directors shall select one or more banks to act as depositories of the funds of the cooperative corporation and shall prescribe the manner of receiving, depositing, and disbursing the funds of the cooperative corporation, and the form of checks and the person by whom such checks shall be signed. The Board of Directors shall have power to change such depository banks and the person or persons signing checks and the form of such checks at any time

it shall determine that such change is necessary or desirable.

Article VII. Duties of Officers.

Section 1. **Duties of President.** The President shall (1) preside over all meetings of the cooperative corporation and of the Board of Directors, (2) call special meetings of the Board of Directors, (3) perform all acts and duties usually performed by an executive and presiding officer, and (4) sign all certificates and instruments of indebtedness, and such other papers and documents of the cooperative corporation as he may be authorized or directed to sign by the Board of Directors; Provided, however, that the Board of Directors may authorize any person to sign any or all checks, contracts, correspondence, and other instruments of writing on behalf of the cooperative corporation. The President shall perform such other and further duties as may be prescribed by the Board of Directors.

Section 2. **Duties of Vice-President.** In the absence of the President, the duties and authority of the President shall be held and exercised by the Vice-President. In the event of the death, resignation, or disqualification of the President, the Vice-President shall become President of the cooperative corporation and shall be vested with all of the powers and duties of that office.

Section 3. **Duties of Secretary.** The secretary shall keep a complete record of all meetings of the cooperative corporation and of the Board of Directors, and shall have general charge and supervision of the books and records of the cooperative corporation. The secretary shall sign all papers pertaining to the cooperative corporation as the secretary may be authorized or directed to sign by the Board of Directors. The secretary shall collect all fees, assessments, and accounts due the cooperative corporation, and shall submit to the Board of Directors at its regular meetings a written

monthly report showing all items of collection and disbursement for the preceding month, which report shall show cash on hand at the beginning of said month, the balance on hand at the close of business for the month, and the amount due the cooperative corporation from members. The secretary shall serve all notices required by law, or by these Bylaws, or as required by the Board of Directors. The secretary shall make a full and complete report of all matters and business pertaining to the secretary's office for each calendar year to the members at the next succeeding annual meeting. The secretary shall keep a corporate seal and impress it upon all papers upon which the seal of the cooperative corporation should properly be attached. The Secretary shall promptly surrender to his or her successor all books, records, accounts, files, correspondence, and other property of the cooperative corporation in the secretary's possession and under his or her control.

Section 4. **Duties of Treasurer.** It shall be the duty of the Treasurer to keep an account of all moneys, funds, and property of the cooperative corporation which shall fall into the treasurer's hands, and the treasurer shall render a statement of such accounts to the annual meeting of the members and such interim statements to the Board of Directors as they may require.

Section 5. **Duties of Manager.** Under the direction of the Board of Directors, the Manager shall have general charge of the ordinary and usual business operations of the cooperative corporation, including the purchasing of necessary supplies and equipment. No purchase shall be made or indebtedness created in excess of One Thousand Dollars (\$1,000) without the prior approval of the Board of Directors. The Manager shall, so far as practicable endeavor to conduct the business of the cooperative corporation in such a manner that all members will receive just and fair treatment. The Manager shall deposit all money belonging to the cooperative corporation which comes into the Manager's possession in an account or accounts in a bank or banks selected by the Board of Directors

and, if authorized to do so by the Board of Directors, make all disbursements by check therefrom for the ordinary and necessary expenditures of the business in the manner and form prescribed by the Board of Directors. The Board of Directors may provide a petty cash fund for the use of the Manager to facilitate payment of small items of expense. Subject to the approval of the Board of Directors, the Manager shall employ, supervise, and dismiss employees of the cooperative corporation not specifically employed directly by the Board of Directors. Upon the Manager's resignation, discharge, or other vacation of his or her position, the Manager shall deliver to his or her successor all money and property of the cooperative corporation which the Manager has in his or her possession, control or custody.

Article VIII. Membership.

Section 1. **Eligibility.** Subject to the provisions contained in this Section, any person, firm, association, corporation, limited liability company, partnership, limited liability partnership or body politic will become a member upon receipt of retail services from the cooperative and in so doing agrees:

- (a) to purchase services from the cooperative as an end user of such services, in accordance with the rates, terms and conditions specified by the cooperative; and
- (b) to comply with and be bound by the Articles of Incorporation and Bylaws of the cooperative and any rules and regulations adopted by the Board; and
- (c) to pay any membership fee established by the Board.

Purchasers of the cooperative's services at wholesale, or otherwise for resale, shall not be eligible for membership or patronage credits with respect to such wholesale services.

Membership shall become effective upon the date of commencement of service. Membership

eligibility terminates upon disconnection of service; however, the Board may provide for suspension of service during periods of temporary absence of a member.

Any person, firm, association, corporation, limited liability company, partnership, limited liability partnership or body politic who resides outside the State Corporation Commission of the State of Kansas certificated area of the cooperative, and shall request service from the cooperative but who does not wish to become a member of the cooperative may be extended service at the discretion of the Board of Directors.

Section 2. Definition and Classifications.

(1) The cooperative 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 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) Individual memberships will be freely transferable on the books of the cooperative between any persons in the same household or corporation upon request in writing. Thus, the term "member" as used in these Bylaws shall refer to an individual but can be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of

membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

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

Section 3. Non-refundable Membership Fee and Refundable Deposits. The Board, at its discretion, may determine to require a non-refundable membership fee for each class of membership. A deposit may also be required to insure payment of billings for service. Any person within the cooperative's certificated area who shall request service but who shall not become a member ("subscriber") may be extended service upon payment of a deposit if so directed by the Board to insure payment for such service in an amount to be determined by the Board of Directors. Upon discontinuance of service, the subscriber shall receive a refund of a sum equal to the amount by which

the deposit exceeds the sums due to the cooperative from the subscriber.

Section 4. Purchase of Services. Each person who becomes a member shall subscribe to one or more services of the cooperative as soon as service becomes available. The member shall pay for such service monthly in accordance with rates established in tariffs or rate schedules as fixed by the Board. It is expressly understood that amounts in excess of cost received by the cooperative for all communications 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 Article X of these Bylaws. However, the cooperative is not obligated to furnish such credits for services which are not billed and collected by the cooperative, even when such services are partially rendered over the facilities of the cooperative. Each member shall pay the above amounts owed by him or her to the cooperative as and when the same shall become due and payable.

Section 5. Termination of Membership.

(1) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. Subject to the laws of Kansas relating to regulated public utility telecommunication services, the Board may, by the affirmative vote of not less than a majority of all the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules and regulations adopted by the Board, but only if such member shall have been given notice by the cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten 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) Upon the withdrawal, death, cessation of service or expulsion of a member, the

membership of such member shall thereupon terminate and will be so recorded on the books of the cooperative. Termination of membership in any manner shall not release a member or his/her estate from any debts due the cooperative nor do unpaid bills release members from their obligations under these Bylaws or rules and regulations approved by the Board.

(3) In case of withdrawal or termination of membership in any manner, the cooperative shall pay any amount due to the member for "capital credit" based upon such terms and conditions as the Board, acting under policies of general application, decides, provided, however, that the cooperative shall deduct, from that amount the amount of any debts or obligations owed by the member to the cooperative.

Section 6. Service Obligations.

The cooperative will use reasonable diligence to furnish adequate and dependable services, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member.

Section 7. Cooperation of the Members in the Extension of Services. The cooperation of members of the cooperative is imperative to the successful, efficient, and economical operation of the cooperative. Members who are receiving or who are requesting service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communication service to said member, or any other member, at no cost to the cooperative. When requested by the cooperative, the member does agree to execute any easement or

right-of-way contract on a form to be furnished by the cooperative.

Section 8. **Nonliability for Debts of the Cooperative.** The private property of the members shall be exempt from execution or other liability for the debts of the cooperative and no member shall be liable or responsible for any debts or liabilities of the cooperative.

Section 9. **Property Interest of Members upon Dissolution.**

Upon dissolution, after:

- (1) all debts and liabilities of the cooperative shall have been paid; and
- (2) all capital furnished through patronage shall be retired as provided in these Bylaws;

the remaining property and assets of the cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member and former member bears to the total patronage of all such members and such former members on the date of dissolution unless otherwise provided by law.

Article IX. Savings and Indebtedness.

Section 1. The Board of Directors shall have power to enter into indebtedness on behalf of the cooperative corporation for the purpose of constructing, maintaining, and operating extensions and additions to the cooperative corporation's facilities and to repair, improve, and maintain existing facilities; and may give security for the payment of said indebtedness by note, mortgage, or other evidence of debt; and may take such steps as are lawful and necessary to raise the funds for liquidation of said indebtedness.

Section 2. The Board of Directors shall maintain an operating balance of \$75,000 at all times and sufficient capital to support a five (5) year capital improvements program. Such funds may be placed in savings accounts or bonds and notes of the United States or in such other depositories or

investments as the Board of Directors may determine.

Section 3. **Petty Cash Fund.** The Board of Directors shall have authority to set aside a designated amount of cash each month to meet the needs of compensation as defined in Section 5 of Article VII and for miscellaneous office expense. An accurate record shall be kept of all expenditures and transferred to appropriate budget line items at the end of each month.

Article X. Non-Profit Operation.

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

Section 2. **Capital Credits in Connection with Furnishing Communications and Information Services.** In the furnishing of communications and information services the cooperative corporation's operations shall be so conducted that all members will, through their patronage, furnish capital for the cooperative corporation. In order to induce patronage and to assure the cooperative corporation will operate on a non-profit basis, the cooperative corporation is obligated to account on a patronage basis, all member generated revenues received and receivable from the furnishing of communications and information services in excess of operating costs and expenses. All such amounts in excess of operating costs and expenses for communications and information services at the moment of receipt by the cooperative are received with the understanding they are furnished by the members as capital. The cooperative corporation is obligated to pay by credits to the capital account for each member all such member generated revenues in excess of operating costs and

expenses derived from communications and information services. The books and records of the cooperative corporation shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each member for communications and information services is clearly reflected and credited in an appropriate record to the capital account of each member, and the cooperative corporation within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to the member's account. All such amounts credited to the capital account of any member shall have the same status as though it have been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the cooperative corporation corresponding amounts of capital.

All nonoperating margins may, 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 members 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 members in an equitable manner as approved by the Board, or

(b) Used to establish and maintain a nonoperating margin reserve not assignable to members prior to dissolution of the cooperative, which can be invested in fixed plant improvements.

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 member's 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.

In the event of dissolution or liquidation of the cooperative, after all outstanding indebtedness of the cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

Capital credited to the account of each member shall be assignable only on the books of the cooperative, pursuant to written instruction from the assignor and only to successors in interest, or successors in occupancy, in all or in a part of such members' premises served by the cooperative, 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 the cooperative and the cooperative is authorized to negotiate capital credit settlement arrangements with bankrupt members.

Notwithstanding any other provision of these Bylaws, the Board, at its discretion, shall have the power at any time upon the death of any natural patron, if the legal representative of his estate shall request in writing, that the capital credited to 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 the legal representative of such member's estate shall agree upon; provided, however, that the financial condition of the cooperative will not be impaired thereby.

When the capital credits of any member no longer receiving service from the cooperative comes to a total amount of less than a fixed sum determined by the Board of Directors, the same shall be retired in full with such retirements made only when and at the same time that a general retirement to other patrons is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year, when the total amount of capital credits qualifying for retirement

exceeds that amount set by the Board, including the amount carried over.

All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service as determined by the capital credits allocation process may be held and used by the cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these Bylaws.

The members of the cooperative, by dealing with the cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract both between the cooperative and each member, and further, between all the patrons themselves individually. Both the cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such term and provisions with the cooperative and each of its members. The provisions of this Article of the Bylaws shall be called to the attention of each member of the cooperative by posting in a conspicuous place in the cooperative's office or by publication distributed by the cooperative to its members.

The obligation of the cooperative to account for and make allocations of capital furnished by patrons 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 cooperative should engage in the business of furnishing goods or services other than communications and information services, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis using a separate capital credit account and separate pooling system 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.

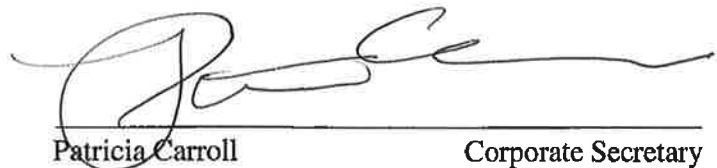
Article XI. Miscellaneous.

Section 1. **Issuing Directories.** Directories will be issued by the cooperative corporation.

Article XII. Amendments and Revisions.

These Bylaws may be altered, amended, repealed or rewritten by the affirmative vote of not less than a majority of the members, at any annual or special meeting, but only if the notice of such meeting shall contain notice of the proposed alteration, amendment or repeal, of said Bylaws. The major disposition of the cooperative's property, or the dissolution of the cooperative, may be accomplished only by the affirmative vote of not less than a majority of all current members of the cooperative voting in person and by proxy. When the membership effects Bylaw changes or revisions, the specific changes or revisions become effective thirty (30) days after they are promulgated to the membership at large.

This is to certify that these revised Bylaws were adopted at the annual stockholders meeting of Columbus Telephone Company on February 24, 2012.


Patricia Carroll Corporate Secretary