

**THIRD AMENDED AND RESTATED**  
**BYLAWS OF**  
**SOUTH CENTRAL UTAH TELEPHONE ASSOCIATION, INC.**  
**January 28, 2026**

**ARTICLE I**  
**DEFINITIONS**

- 1.1 ACT** shall mean the Utah Revised Nonprofit Corporation Act.
- 1.2 BOARD** shall mean the Board of Directors of the Cooperative.
- 1.3 COOPERATIVE** shall mean South Central Utah Telephone Association, Inc., a Utah nonprofit corporation.
- 1.4 PERSON** shall mean Person as that term is defined in the Utah Revised Nonprofit Corporations Act, but also includes agencies of federal, state and local governments.
- 1.5 RULES** shall mean all regulations, resolutions, rules, policy statements or other procedures of general application the Board adopts, as now in effect and as hereinafter duly adopted or amended.

**ARTICLE II**  
**MEMBERSHIP**

- 2.1 Eligibility for Membership.** To be eligible for membership, a Person must: (i) receive retail communications services from the Cooperative, as such phrase is defined from time to time by the Board; (ii) reside in the Cooperative's service area, as determined from time to time by the Board; and (iii) provide a continuing or periodic communications revenue stream for the Cooperative.

The Board may adopt a Membership Policy that establishes the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership (including establishing limited periodic exceptions to the requirement of providing a continuing or periodic revenue stream, if doing so is in the best interests of the Cooperative).

Any person so qualifying for membership shall:

- A. Make application for membership on a form, or in a format, to be adopted for this purpose by the Board from time to time;
- B. Agree to purchase communications services from the Cooperative in accordance with the established rates, as well as pay other charges for communications services that the member uses and the Cooperative is

- C. obligated by law or contract to collect;
- C. Pay a membership fee of \$10.00; and
- D. Agree to comply with, and be bound by the Cooperative's Articles of Incorporation, Bylaws, and Rules, as evidenced by paying the first month's charges for communications services to the Cooperative.

The Board shall determine membership. The decision of the Board on admission of members shall be binding and conclusive. The status of all memberships shall be as reflected upon the books of the Cooperative and no membership certificates will be issued.

**2.2 Membership.** No member may hold more than one membership in the Cooperative. A husband and wife may become joint members upon compliance with the requirements of Section 2.1 and establishing a service account in the name of both spouses. With respect to such joint membership:

- A. There shall be but one vote;
- B. Termination of either joint member shall eliminate the joint membership, except that on the death of either husband or wife, the survivor shall continue as a member; however, the estate of the deceased spouse shall not be released from any debts due the Cooperative;
- C. Presence at a meeting or waiver of notice by either joint member shall be considered as presence or waiver by the joint membership;
- D. Notice to either joint member shall constitute notice to both;
- E. Either joint member may be eligible as a member of the Board but not both at the same time; and
- F. Expulsion or withdrawal of a joint member shall terminate the membership in its entirety.

**2.3 Transferability.** Evidence of membership shall be in such form, including but not limited to a receipt for payment of the membership fee, as the Board may determine from time to time. Membership in the Cooperative shall not be transferable.

**2.4 Purchase of Communications Services.** Each member who applies for communications services shall, as soon as service is available, take service from the Cooperative. The members shall pay for such communications services timely at rates in accordance with either established rates or tariffs as fixed by the Board, or, for the communications services rendered by other carriers, at the rates that the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that the amounts received by the Cooperative for providing communications services to its members 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, the Cooperative is not obligated to furnish such credits for communications services that 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 and such other amounts as may be owed by each to the Cooperative as and when the same shall become due and payable.

## **2.5 Termination of Membership.**

- A. Voluntary Termination. A member may voluntarily terminate membership in the Cooperative by written notice to the Cooperative and upon compliance with any applicable Rules, provided that such member has likewise discontinued the member's communications connection. Voluntary termination is effective upon the Cooperative's receipt of written notice from the member.
- B. Automatic Termination Without Notice. Membership in the Cooperative is automatically terminated, without notice to the member if:
  - (i) The member, for a period of thirty (30) days after communications service is available to the member, has not permitted the installation of service;
  - (ii) The member has terminated and/or ceased to purchase communications service from the Cooperative for a period of at least one hundred eighty (180) days;
  - (iii) The member fails to make payments for communications services for a period of one hundred eighty (180) days; or
  - (iv) The member dies, or is legally dissolved.

C. Termination by action of the Board. Membership in the Cooperative may be terminated by action of the Board if a member violates or is no longer in compliance with any provision of the Articles of Incorporation, these Bylaws, or the Rules. Termination by action of the Board shall take effect upon mailing of notice thereof to the member at the member's address of record with the Cooperative.

**2.6 Appeal of Termination Determination.** If a membership is terminated based on any of the grounds set forth in Section 2.5.C, the member whose membership is thus terminated may within thirty (30) days thereafter file with the Secretary a written request for a hearing, in which event that member shall be given an opportunity to be heard before the Board or such special committee as the Board shall designate, and the Board thereafter shall reconsider and shall affirm or rescind the termination, all within sixty (60) days after the filing of such request for hearing. The Board's determination shall be final and conclusive, and no further appeal to the membership shall be allowed.

**2.7 Rights on Termination.** Upon termination of membership, the rights and interest of the terminating member in the property and assets of the Cooperative shall automatically terminate except for the terminating member's interest in the Cooperative's capital as evidenced by capital credits in the terminating member's capital credit account. Upon termination of membership, membership shall be canceled, and the membership fee

shall revert to the Cooperative, it being recognized that the amount of such membership fee will partially offset the expense of termination of service to the terminating member. Termination of membership in any manner shall not release a member or member's estate from any debts due to the Cooperative.

## **ARTICLE III RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS**

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

**3.2 Cooperation of the Members.** 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 communications service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, repair, replace or enlarge 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, leased, or controlled by said member for the furnishing of service to said member, or any other member, at no cost to the Cooperative. When requested by the Cooperative, and without charge to the Cooperative, the member agrees to execute any easement or right-of-way contract or agreement in a form to be furnished by the Cooperative. Failure to grant access or execute an easement or right-of-way contract or agreement may result in termination of service and membership in the Cooperative.

**3.3 Non-Liability 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 for or responsible for any debts or liabilities of the Cooperative.

**3.4 Property Interest of Members.** Upon dissolution, after: (i) All debts and liabilities of the Cooperative shall have been paid, (ii) all capital furnished through patronage shall be retired as provided in these bylaws, and (iii) all membership fees shall have been repaid, the remaining property and assets of the Cooperative shall be distributed among the members in the proportion which the aggregate patronage of each member bears to the total patronage of all such members on the date of dissolution unless otherwise provided by law.

## **ARTICLE IV MEETINGS OF MEMBERS**

**4.1 Annual Meeting.** The annual meeting of members shall be at such place and at such time in each calendar year as the Board may determine. At such meeting, the officers shall conduct necessary business and Directors shall be elected.

**4.2 Special Meetings.** Special meetings of the members may be called at any time by the Chairman of the Board. A special meeting shall be called by the Secretary upon the request thereof in writing signed by not less than 10% of the members of the Cooperative stating the business to be brought before the meeting. Such special meeting shall be held at such place and time as the Board may determine. Calls for special meetings of the members shall specify the time, place and purpose of such meeting and no business other than that specified in the call shall be considered at such meeting.

**4.3 Notices.** Written notice of every annual or special meeting of the members stating the time and place, and in the case of a special meeting the purpose thereof, shall be given to each member at such address of the member as appears in the records of the Cooperative, not less than ten (10) days nor more than sixty (60) days prior to the date fixed for such meeting. Notice of any meeting may be waived, and the presence of a member at a meeting shall constitute a waiver of notice.

**4.4 Quorum.** The members present at any meeting shall constitute a quorum for the transaction of business.

**4.5 Voting.**

- A. Each member (including a joint husband and wife membership) shall be entitled to only one vote.
- B. Voting by proxy shall not be permitted, but a member who is other than a natural person may designate a representative to cast its vote by written notice to the Secretary.
- C. Upon the call of any member for a vote by ballot on any issue, the vote on such matter shall be by ballot. The presiding officer shall call for a vote by ballot on any matter that the presiding officer believes will be contested.
- D. The Board may cause to be submitted by mail ballot any questions to be voted upon at any meeting of the members including the election of Directors. In such event the Secretary shall cause to be mailed to each member along with the notice of the meeting, the ballot on each such question, and a voting envelope that is to be authenticated by the member's signature. A vote so cast shall be counted as if the member were present and voting in person.

**4.6 Substantial Asset Disposition.** The sale, lease, exchange, or disposition of all or substantially all of the Cooperative's assets shall require the approval of two-thirds of the Cooperative's membership. Notwithstanding anything herein contained, the Board, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery or encumbering of any or all of the property, assets, rights, privileges, licenses, franchises, permits of the Cooperative, whether acquired or to be acquired and wherever situated, as well as the income and revenues therefrom, all upon such terms and conditions as the Board shall determine, to secure any indebtedness of the Cooperative.

**ARTICLE V  
BOARD OF DIRECTORS**

**5.1     Number.** The Board shall consist of ten (10) persons.

**5.2     Election and Term of Office.** The directors shall represent the following Director Districts, and each director district shall be represented by one director on the Board, as follows, to wit:

**Director District No. 1:** Angle, Antimony, Burrville, Circleville, Fish Lake, Greenwich, Junction, Kingston, Koosharem, Marysvale and the area surrounding said communities with 5-year terms beginning 2025.

**Director District 2:** Boulder, Escalante and the area surrounding said communities with 5-year terms beginning 2023.

**Director District No. 3:** Bryce Canyon, Cannonville, Henrievile, Tropic and the area surrounding said communities with 5-year terms beginning 2025.

**Director District No. 4:** Alton, Duck Creek, Glendale, Mt. Carmel, Orderville and the area surrounding said communities with 5-year terms beginning 2024.

**Director District No. 5:** Beryl, Enterprise, Escalante Valley, New Castle, Modena and the area surrounding said communities with 5-year terms beginning 2024.

**Director District No. 6:** Apple Valley and Hildale, Utah and Colorado City, Arizona, and the area surrounding said communities with 5-year terms beginning 2023.

**Director District No. 7:** Bicknell, Loa, Torrey and the area surrounding said communities (Wayne County) with 5-year terms beginning 2025.

**Director District No. 8:** Hatch, Panguitch and the area surrounding said communities with 5- year terms beginning 2023.

**Director District No. 9:** Minersville, Milford and the area surrounding said communities with 5-year terms beginning 2024.

**Director District No. 10:** Kanab, Utah and Fredonia, Pipe Springs/Moccasin and Jacobs Lake, Arizona and the area surrounding said communities with 5-year terms beginning 2025.

At annual meetings held thereafter, Directors shall be elected to fill the vacancies in the offices expiring at such annual meeting and such Directors shall be elected for a five-year term. Directors shall serve until their successors are elected and assume office, or until their death, resignation or removal.

**5.3     Election of Directors.** Members shall be limited to voting only for directors from the Director District where the member resides. To seek initial election as a Director, a qualified person desiring to be a candidate must submit to the Secretary an application, stating the candidate's desire to seek election to the Board Position at the next annual meeting. The application must be signed by the candidate and by not less than fifteen (15) other members of the same Director District as the candidate and must include an affirmation by the candidate that the candidate has read the Bylaws, and that the candidate is qualified in accordance with the Bylaws to be nominated and elected or appointed as a Director. No Member may sign more than one candidate's application. The application must be made on a form promulgated by the Cooperative and must include a representation by the candidate that the candidate is qualified to become a Director in accordance with the criteria set forth in Section 5.4. By

submitting the application, the candidate authorizes the Cooperative to verify the candidate's qualifications. The candidate must file the application with the Secretary not later than February 15 in the election year. An incumbent director whose term is expiring shall be automatically placed in nomination for re-election, if desired. If after February 15, there is only one (1) person who is nominated and qualified for election to the Board of Directors from a District, the Board at its option, may declare said person elected to avoid additional expenses. If no member files such an application, the office shall be vacant and shall be filled as stated in these Bylaws.

#### **5.4 Qualifications of Directors.**

- A. Any person who is a member of the Cooperative shall be eligible to be elected and remain a Director of the Cooperative so long as the person is a bona fide resident of the District he or she wishes to represent and is not otherwise disqualified as provided in Section 5.4 B. The Board shall have sole discretion to determine whether a candidate or a Director is a bona fide resident under the totality of the circumstances, including, but not limited to occupying a residence in the District he or she wishes to represent; intention to reside in the District on a permanent basis; address on driver's license; and voter registration.
- B. Any person meeting one or more of the following criteria shall not be eligible to become or remain a member of the Board:
  - (i) A person who is an employee of the Cooperative or any of its subsidiaries or affiliates, or the spouse of a current employee;
  - (ii) A person who has been employed by or the spouse of person who has been employed by the Cooperative or any of its subsidiaries or affiliates at any time within the six (6) year period immediately preceding the date set for election of such director.
  - (iii) A person who is employed by or is in any material way financially interested in, or who is closely related to an employee or owner of, a competing enterprise or business. A "competing business or enterprise" is defined as any business or entity that is (a) engaged in selling or maintaining communications services, supplies, or facilities; (b) engaged in the construction of or maintenance of telecommunications or information facilities; or (c) otherwise in competition with, or potentially in competition with the services, supplies, or facilities of the Cooperative or any of its subsidiaries. Communications services, supplies, or facilities, are defined as all standard or tariffed telephone services, supplies or facilities; broadband, television, wifi, or VoIP services, supplies, or facilities; and any and all other member or customer services, supplies, or facilities offered by the Cooperative and its subsidiaries, The Board shall determine, by general rule or in particular circumstances, which enterprises or businesses are or may be considered competitive and which interests are material.

- (iv) A person who is closely related to any employee. A person who is living with, or has the same home as an employee. A person who is a member, or a representative of a member, who is not in good standing. For example, a member who does not have a history of patronizing the Cooperative, or paying the Cooperative timely for communications services, is not a member in good standing. The Board shall determine, by general rule or in particular circumstances, whether a member is in good standing.
- (v) A Director who fails to participate in three consecutive regular or special Director meetings.
- (vi) A Director for whom the Cooperative cannot readily obtain a fidelity bond.

“Closely related” for purposes of these Bylaws is defined as: i) spouse; (ii) child or step child; (iii) parent or step parent; (iv) sibling; (v) grandparent or step grandparent; (vi) grandchild or step grandchild; (vii) the spouse of an individual described in (ii) through (vi) above; (viii) A trust or estate of which the director or any individual specified above is a substantial beneficiary; and (ix) a trust, estate, incompetent, conservatee, or minor of which the director is a fiduciary.

**5.5 Effect of Disqualification.** The determination of the Board that a Director is disqualified by reason of noncompliance with any of the subparagraphs of Section 5.4 B shall automatically create a vacancy in such Director’s office.

**5.6 Vacancies.** Vacancies on the Board that occur other than by the expiration of a term of office shall be filled by a majority vote of the remaining Directors. Such appointment shall be for the unexpired term of the position at which point in time the appointed Director may seek initial election as described in section 5.3.

**5.7 Regular Meetings.** The Board will hold regular meetings throughout the year in order to fulfill its duties under Article VI. Such regular meetings will be held at the principal executive office of the Cooperative unless otherwise designated; meetings of the Board may be held at any place within or outside of Utah. Any meeting, regular or special, may be held by conference telephone or similar communications equipment, so long as all Directors participating in the meeting may simultaneously hear each other during the meeting, in which event all participating Directors shall be deemed to be present in person at the meeting.

**5.8 Special Meetings.** Special meetings may be held at such time and place as the Board or the Chairman determine. Any business may be transacted at such meeting.

**5.9 Notices.** The meetings of the Board, whether special or regular, may be held on 24-hour notice given in any of the following ways: personally, or by mail, telephone, email, facsimile, or any other means reasonably calculated to provide actual notice to each

Director. Attendance at a meeting shall constitute a waiver of objections to the Board of notice for the meeting. Any notice required to be given to a Director of meetings of the Board may be waived in writing either before, at, or after the meeting. Such waiver shall have the same force and effect as though due notice had been given.

**5.10 Quorum.** At all regular and special meetings of the Board a majority of the Board shall constitute a quorum. 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.

**5.11 Action without a Meeting.** Any action that may be taken at a meeting of the Board may be taken without a meeting if consent in writing setting forth the actions so taken is signed by all of the Directors. Such consent shall have the same force and effect as a unanimous vote at a meeting.

**5.12 Compensation of Directors.** Compensation for Directors shall be established by resolution of the Board, and may, upon resolution of the Board, include participation in benefits provided to employees, except for benefits based on wages. If authorized by the Board, Directors may also be reimbursed for expenses actually and necessarily incurred in carrying out Cooperative business or may be granted a reasonable per diem allowance by the Board in lieu of detailed accounting for expenses designated by the Board.

**5.13 Removal of Directors.** A Director may be removed for cause from office at an annual or special meeting of the members by a majority vote of all members residing in the District of the Director to be removed, voting in person at such meeting, in accordance with the following procedure:

- A. Notification that the purpose or one of the purposes, of the meeting is removal of the director, and the written reasons for the removal of the Director must be included in the notice of such meeting.
- B. The reasons for removal must be presented at the meeting.
- C. The Director whose removal is sought must have an opportunity to answer such reasons at the meeting prior to the vote for removal.

If the Director elects to provide a written answer to the stated reasons, the answer must be included with the meeting notice if the Secretary receives it at least five (5) days prior to the date of delivery of the meeting notice.

## **ARTICLE VI** **POWERS AND DUTIES OF THE BOARD OF DIRECTORS**

**6.1 Powers.** The Board shall have and exercise the following powers, among those otherwise permitted by law:

- A. To make, alter, amend, or repeal bylaws for the regulation and management of the affairs of the Cooperative not inconsistent with Utah law or with the Articles of Incorporation.

- B. To appoint the Chief Executive Officer /General Manager of the Cooperative and to fix his/her compensation.
- C. To execute instruments on behalf of the Cooperative.
- D. To delegate to one or more of the directors or to the agents and employees of the Cooperative, such powers and duties as it may deem proper.
- E. To make its own policies, rules, regulations, and procedures, not inconsistent with Utah law, the Articles of Incorporation, and these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

In addition to the powers expressly herein enumerated, the Board may exercise such powers and do such lawful acts as it may find to be proper, necessary or advisable for accomplishing any of the purposes of the Cooperative.

**6.2 Board Committees.** The Board, by resolution adopted by a majority of the Directors, or the Chairman with the consent of the Board, may appoint one or more standing or ad hoc committees consisting of two or more Directors, to serve at the pleasure of the Board. Each such standing or ad hoc committee shall only have the authority to make recommendations to the Board. The Board may designate one or more Directors as alternate members of any such committee, who may replace any absent member at any meeting of the committee, and may appoint one or more employees of the Cooperative to serve on any such committee.

Meetings and action of any committee shall be governed by, and held and taken in accordance with, the provisions of Article V, including those Sections entitled “Regular Meetings,” “Special Meetings,” “Notices,” and “Quorum,” with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board, except that the time of regular meetings of the committee may be determined either by resolution of the Board or by resolution of the committee; special meetings of any such committee may also be called by resolution of the Board. The Board may adopt rules not inconsistent with the provisions of these Bylaws for the governance of any such committee.

**6.3 Bonds.** The Board may require all officers, agents and employees charged by the Cooperative with responsibility for the custody of any of its funds or property to give bond with sufficient surety for the faithful performance of their official duties, the premium on such bonds to be paid by the Cooperative.

**6.4 Selection of Depository.** The Board shall have power to select one or more banks to act as depository of the funds of the Cooperative; to determine the manner of receiving, depositing and disbursing the funds of the Cooperative and the form of checks; to select the person or persons by whom the checks shall be signed; and to change such banks and the officer or officers, employee or employees, person or persons signing the checks.

**6.5 Record.** Without limiting any other power herein granted to the Board, the Board shall cause to be kept a complete record of all its acts and the proceedings of its meetings; shall cause a report reviewing the Cooperative's business for the year to be presented at the annual meeting; and shall supervise all officers and see that their duties are properly performed and that the business of the Cooperative is ably managed.

## **ARTICLE VII** **OFFICERS, AGENTS AND EMPLOYEES**

**7.1 Offices to be Filled.** The principal officers of the Cooperative shall be a Chairman of the Board; a Vice-Chairman; a President-Chief Executive Officer; a Secretary; and a Treasurer. As necessary to help the President with the day-to-day operation of the Cooperative, the President may appoint one or more Vice Presidents, subject to the advice and confirmation of the Board. The offices of Chairman, Vice-Chairman, and Secretary must be filled by Directors; other offices may be filled by persons who are not Directors. The offices of Chairman and President may not be filled by the same person. Except as provided below, all officers shall be elected by the Board at the first regular meeting of the Board following the annual meeting.

**7.2 Chairman of the Board.** The Chairman of the Board (sometimes "Chairman") shall preside over all meetings of the Board, and shall perform such other duties as may be required of him or her by the Board. The Chairman shall sign as Chairman such documents as the Chairman may be authorized to sign by the Board, shall be the official representative of the Cooperative at all meetings in which the Cooperative is entitled to representation, and shall perform such other duties and acts required of, or as may be usually required of an officer, or as may be prescribed by the Board.

**7.3 Vice-Chairman.** The duties of the Vice-Chairman shall be to assume the office of the Chairman in the Chairman's absence, and to perform such other acts and duties as may be prescribed by the Board or the Chairman.

**7.4 President-Chief Executive Officer.** The President-Chief Executive Officer (sometimes "President") may be, but is not required to be, a member of the Cooperative. The President shall, subject to the control of the Board, have general supervision, direction, and control of the day-to-day business affairs of the Cooperative. This officer shall have the general powers and duties of management usually vested in the office of President-Chief Executive Officer of a cooperative and shall have such other powers and duties as may be prescribed by the Board or the Bylaws and shall perform such duties and shall exercise such authority as the Board may from time to time vest in him or her.

**7.5 Vice President.** As necessary to help the President with the day-to-day operation of the Cooperative, the President may appoint one or more Vice Presidents, subject to the advice and confirmation of the Board. The duties of any Vice President shall be to perform such acts and duties as may be prescribed by the President.

**7.6 Secretary.** The Secretary shall:

- A. Keep or cause to be kept a complete record of all meetings of the members, the Board, and its committees;
- B. Keep or cause to be kept membership records of the Cooperative;
- C. Sign on behalf of the Cooperative all papers which the Secretary is authorized by the Board to sign;
- D. Serve or cause to be served all notices required to be served by law or these Bylaws; and
- E. Keep or cause to be kept such records, make such reports and perform such other duties as may be required of the Secretary from time to time by the Board.

To assist the Secretary in the performance of the Secretary's duties, the Board may appoint an assistant secretary (or similarly titled position), who will not be an officer unless specifically named by the Board. The assistant secretary shall perform such duties as are assigned by the Secretary, the Chairman, the President, or the Board.

**7.7 Treasurer.** The Treasurer shall be appointed by the Board. The Treasurer may, in the Board's discretion, also be the Chief Executive Officer or the Chief Financial Officer of the Cooperative. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Cooperative. The books of account shall at all reasonable times be open to inspection by any Director.

The Treasurer shall deposit all monies and other valuables in the name and to the credit of the Cooperative with such depositories as may be designated by the Board. The Treasurer shall disburse the funds of the Cooperative as may be ordered by the Board, shall render to the Chairman and Directors, whenever they request it, an account of all of the Treasurer's transactions and of the financial condition of the Cooperative, and shall have other powers and perform such other duties as may be prescribed by the Board or the Bylaws.

**7.8 Removal of Officers.** Any officer may be removed by the Board whenever in its judgment the best interest of the Cooperative will be served thereby. Removal does not prejudice the rights, if any, of an officer under any contract of employment. Election or appointment as an officer shall not of itself create contract rights nor shall contractual right prohibit removal of an officer.

**7.9 Others.** The Board may also designate members or nonmembers as agents, attorney and/or auditors of the Cooperative.

## **ARTICLE VIII** **LIMITATION OF LIABILITY AND INDEMNIFICATION**

**8.1 Limitation of Liability of Directors.** The personal liability of any director or officer of the Corporation is hereby eliminated except as expressly provided in Section 16-6a-822 through 16-6a-826 of the Act.

**8.2 Indemnification of Directors, Officers, Employees, Agents, and Others.**

The Corporation, may, in accordance with and to the maximum and broadest extent permitted by Section 16-6a-901 through 16-6a- 910 of the Act may indemnify each director, officer, employee, fiduciary, and agent of the Cooperative 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 by reason of the fact that such person is or was a director, officer, employee, fiduciary, or agent of the Cooperative, or is or was serving at the request of the Cooperative at the request of the Cooperative as a director, officer, employee, fiduciary, or agent of another corporation, partnership, joint venture, trust, or other enterprise, against all expenses, attorneys' fees, judgments, fines, and amounts paid in settlement, actually and reasonably incurred by such person in connection with such action, suit, or proceeding.

In addition, the Cooperative may, to the extent permitted by the Act, pay to such person any and all expenses, including attorneys' fees, incurred in defending or settling such an action, suit, or proceeding in advance of the final disposition of the same, upon receipt of an undertaking by or on behalf of the director, officer, employee, fiduciary, or agent to repay such amount if it shall ultimately be determined by final judgment or other final adjudication that such person is not entitled to be indemnified by the Cooperative as authorized in this Article.

## **ARTICLE IX** **NONPROFIT OPERATION**

**9.1 Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

**9.2 Nonprofit Operations.** In the furnishing of communication services the Cooperative's operations shall be so conducted that all members will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its members for all amounts received and receivable from the furnishing of communication services in excess of operating costs and expenses properly chargeable against the furnishing of communication services. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital, and shall be timely accounted for and apportioned on a patronage basis among the members involved, and shall be returned to such members either in the form of cash (including providing a credit on members statements) or capital credits (hereafter described).

Notwithstanding the preceding paragraph, if the Cooperative engages in the business of furnishing goods and services (other than communications services to members), all amounts received and receivable therefrom that are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be deemed retained capital as an unallocated reserve and used at such time and for such purposes as the Board shall determine, unless the Board otherwise determines to allocate such amount to the members on a patronage basis.

**9.3 Application of Patronage Capital to Indebtedness.** The Cooperative in its sole discretion may withhold at any time any and all patronage capital distributable to a member and apply the same to the indebtedness such member may owe the Cooperative. In such event, the Cooperative shall give the member written notice of the amount so applied.

**9.4 Allocation of Loss.** If there is a net loss in any year, the Board shall determine the method of allocation of such loss.

## **ARTICLE X CAPITAL**

**10.1 Member's Capital Credit Account.** The member's capital credit account in the Cooperative is a part of the capital of the Cooperative and shall consist of that portion of the amounts received by the Cooperative for providing communication services provided to members in excess of costs (or other goods or services if the Board determines that the amounts derived from the furnishing of such good or services that are in excess of costs and expenses properly chargeable against the furnishing of such goods and services should be allocated to members as described in the second paragraph of Section 9.2) not returned in cash to members and refunds of federal telephone excise taxes received by the Cooperative in behalf of its members. The Cooperative shall establish a separate account for each of its members and allocate to the member's capital credit account the portion of such member's capital credits to which the member is entitled. If allocations are made, the Cooperative shall notify each member of the amount of the capital credits allocated to the member's capital credit account within a reasonable time after the close of each fiscal year. Allocations, if any, shall be made in such manner as to record the year of allocation as an annual series of credits. No interest shall be payable on capital credits.

**10.2 Transferability.** Capital credits may be assigned only pursuant to signed, written instructions from the assigning member and only to:

- A. The heirs or devisees of a Deceased Member;
- B. The member's living trust in accordance with a uniform policy adopted by the Board;
- C. On written request of the member to the member's successor in occupancy in all or part of such member's premises served by the Cooperative; or
- D. To the Cooperative.

The Board, acting under policies of general application, may authorize other types or forms of assignments. A purported assignment that does not comply with this Section 10.2 will not be recognized on the records of the Cooperative and payments will be made in accordance with such records.

**10.3 Refund of Member Capital credits.** The Board from time to time shall determine what, if any, portion of the capital of the Cooperative reflected in the member capital credit accounts is not and will not be needed by the Cooperative and is available for refunding of such capital and payment of the capital credits, or any classification of such capital credits. If the money to be so distributed is not sufficient to pay all capital credits of any one fiscal year or any other selected classification of such capital credits, the sum to be paid shall be prorated among such capital credits. Any indebtedness due from the record holder of a capital credit to the Cooperative may be offset by the Cooperative before the payment of capital credit or any part thereof.

Upon the certification of the President, to the Board, that the cost of redeeming the capital credits of a member in a member's capital credit account up to a certain amount of such credits, but not in excess of \$5, exceeds the amount of such credits being redeemed, the Board may exclude from such retirement the capital credits of any member that would otherwise be retired but that are less than the amount so certified. The amount of capital credits so excluded shall be accumulated with future credits and paid when the cumulative amount exceeds \$5. If a member ceases to be a member with a cumulative amount owed of \$5 or less, the amount shall be thereupon credited to retained capital of the Cooperative.

**10.4 Early Refund of Member Capital credits.** Notwithstanding any other provision contained in these Bylaws, and subject to the limitations set forth in this Section 10.4, and after giving effect to an appropriate discount as determined by the Board in its sole discretion, upon application the Board may, but need not, redeem the capital credits of certain members under any of the following circumstances:

- A. A member dies.
- B. A member ceases to be a member, due to hardship.
- C. A member is indebted to the Cooperative.
- D. A member ceases to be a member and is indebted to the Cooperative.
- E. Upon such good cause as the Board may so determine, provided, however that the financial condition of the Cooperative will not be impaired by such capital credit redemption.

The amount paid to qualifying members shall not exceed any annual aggregate limitation established by the Board (the "Annual Aggregate Limitation"). If the Annual Aggregate Limitation is met and as a result qualifying members' capital credits are not refunded, then said members shall be qualified members in the next succeeding calendar year should the Board then authorize early refunds under this Section 10.4.

Any amount refunded under paragraph A of this Section 10.4 shall require the written request of (a) the legal representative of the estate of the Deceased Member or Deceased Joint Member or the devisees or heirs of the Deceased Member or Deceased Joint Member or (b) the successor trustee of a Deceased Member's living trust to which the member has assigned capital credits in accordance with Section 10.2 B.

With respect to the death of a spouse of a husband-wife joint membership ("Deceased Joint Member"), the Board may retire the Deceased Joint Member's one-half interest in the capital credits of the husband-wife joint membership in which the Deceased Joint Member was a spouse.

Any amounts refunded under paragraph B of this Section 10.4 shall require the written request of a member who so qualifies.

Any capital credit redemption under paragraphs C and D of this Section 10.4 may only be to the extent of the member's indebtedness. The refund may only be applied to the member's account in satisfaction of the member's indebtedness. Any capital credits remaining after satisfying the indebtedness will be refunded in accordance with Section 10.3. This right may, but need not, be used by the Cooperative in conjunction with Section 9.3.

**10.5 Capital credits Subordinate to Claims of Creditors.** The capital credits allocated to a member's capital credit account are subordinate in right to the claims of all creditors of the Cooperative.

**10.6 Credit Held by Divorced Members.** If capital credits in an capital credit account are held in the name of a husband and wife as joint members, and the husband and wife are divorced, the Cooperative, unless otherwise notified in writing, shall be entitled to assume for all purposes under this Article X that the parties to the divorce each has an equal interest in such capital credits.

**10.7 Assignment and Gift by Failure to Claim.** Notwithstanding any other provisions of the Bylaws, if any member or former member fails to claim any cash refund or redemption of capital credits or other payment from the Cooperative within three years after payment of the same has been available to him by notice or check mailed to him at his last address furnished to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such member or former member of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of the section shall include the failure of such member or former member to cash any check mailed to him by the Cooperative at the last address furnished to the Cooperative. The assignment and gift provided for under this section shall become effective only upon the expiration of three (3) years from the date when such payment was made available to such member or former member. Unclaimed capital credits shall be used by the Cooperative in accordance with Utah Code Annotated § 54- 3-26.

**10.8 Contractual Relationship.** The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provision of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each member, and both

the Cooperative and the members are bound by each such contract as fully as though each member had individually signed a separate instrument containing such terms and conditions.

## **ARTICLE XI** **FINANCIAL TRANSACTIONS**

**11.1 Contract.** 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 Cooperative, and such authority may be general or confined to specific instances.

**11.2 Check, Drafts, Etc.** All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness shall be issued in the name of the Cooperative and in such a manner as shall, from time to time be determined by resolution of the Board.

**11.3 Fiscal Year.** Fiscal year of the Cooperative shall begin on the first day of January and shall end on the 31st day of December of each year.

## **ARTICLE XII** **MISCELLANEOUS**

**12.1 Books.** At any reasonable time, any member, or the agent or attorney of any member, upon written notice stating the purposes thereof, may examine for any proper purpose, as determined by the Board, any books or records pertinent to the purpose specified in the notice and may make extracts there from. The Cooperative may restrict access to proprietary information as reasonably necessary, including requiring members to sign agreements not to disclose such information, and in no event may any member examine or make extracts of any books and records for the purpose of using such information to compete with the Cooperative.

**12.2 Membership and Other Organizations.** The Cooperative may, upon the authorization of the Board, purchase stock in or become a member of (i) any trade association, corporation, limited liability company, joint venture, entity, or organization organized on a cooperative basis for the purpose of engaging in or furthering the cause of area-wide communications service, or (ii) any other entity for the purpose of acquiring facilities or assuring more adequate communications services to its members.

**12.3 Accounting System and Reports.** The Board shall cause to be established and maintained a complete accounting system, which among other things, shall conform with all applicable laws and rules and regulations of any regulatory body having jurisdiction over the Cooperative. 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 Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following meeting.

## **ARTICLE XIII**

### **AMENDMENTS**

**13.1 Amending Bylaws.** Unless otherwise provided in the Articles of Incorporation, these Bylaws may be altered, amended or repealed by the members at any annual or special meeting, provided notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, and Board of Directors may modify the Bylaws of the Cooperative by majority vote except as would result in a change of the rights, privileges, preferences, restrictions, or conditions of a membership class as to voting, dissolution, redemption, or transfer by changing the rights, privileges, preferences, restrictions, or conditions of another class.