

8. COMMITTEES.

COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each such committee and member thereof shall serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation with the exception of any authority the delegation of which is prohibited by Section 141 of the Delaware General Corporation Law, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

SUBCOMMITTEES. Each committee, through a resolution, may establish subcommittees and determine the composition thereof. A subcommittee shall have, only, such authority as is delegated to it by the committee.

REPORTS. All committees and subcommittees shall keep books of separate minutes. All committees shall report all their actions at every regular meeting of the Board of Directors, or as often as may be directed by the Board. All subcommittees shall report all their actions to the committee which appointed them, at every regular meeting of that committee, or as often as may be directed by that committee.

9. WRITTEN ACTION. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all member of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

## ARTICLE II

### OFFICERS

1. CHIEF EXECUTIVE OFFICER. Pursuant to 47 C.F.R. § 69.617(b)(5), the Board of Directors shall submit to the Chairperson of the Federal Communications Commission a candidate to serve as the Chief Executive Officer (CEO) of the Schools and Libraries Corporation. The chosen CEO will be elected by the Board of Directors and the CEO shall then serve as a member of the Corporation's Board of Directors.

2. **OTHER OFFICERS.** The other officers of the Corporation shall consist of a Secretary, a Treasurer, and, if deemed necessary, expedient, or desirable by the Board of Directors, a Chairperson of the Board, a Vice-Chairperson of the Board, an Executive Vice-President, one or more other Vice-Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers with such titles as the resolution of the Board of Directors choosing them shall designate. Except as may otherwise be provided in the resolution of the Board of Directors choosing him or her, no officers other than the Chairperson, Vice-Chairperson of the Board and CEO need be a director. Any number of offices may be held by the same person, as the directors may determine.

Unless otherwise provided in the resolution choosing him or her, each officer shall be chosen for a one calendar year term and until his or her successor shall have been chosen and qualified. Elections of officers shall be the first order of business in the first Board of Directors meeting at the beginning of the calendar year.

All officers of the Corporation shall have such authority and perform such duties in the management and operation of the Corporation as shall be prescribed in the resolutions of the Board of Directors designating and choosing such officers and prescribing their authority and duties, and shall have such additional authority and duties as are incident to their office except to the extent that such resolutions may be inconsistent therewith. The Secretary or an Assistant Secretary of the Corporation shall record all of the proceedings of all meetings and actions in writing of stockholders, directors, and committees of directors, and shall exercise such additional authority and perform such additional duties as the Board shall assign to him or her. Any officer may be removed, with or without cause, by the Board of Directors. Any vacancy in any office may be filled by the Board of Directors.

### **ARTICLE III**

#### **MEMBERS**

The Corporation shall have no members. The activities of the Corporation shall be managed by the Board of Directors.

### **ARTICLE IV**

#### **CORPORATE SEAL**

The corporate seal shall be in such form as the Board of Directors shall prescribe.

**ARTICLE V****FISCAL YEAR**

The fiscal year of the corporation shall begin on the first day of January in each year and end on the last day of December in each year.

**ARTICLE VI****CONTROL OVER BY-LAWS**

Subject to the provisions of the certificate of incorporation and the provisions of the Delaware General Corporation Law, the power to amend, alter or repeal these By-Laws and to adopt new By-Laws may be exercised by the Board of Directors.

**ARTICLE VII****GENERAL PROVISIONS**

1. **CONTRACTS.** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances and shall be in compliance with FCC rules.
2. **INDEMNIFICATION.** The Corporation shall (a) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, and (b) 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 action by or in the right of the Corporation), by reason of the fact that he or she is or was director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with any such action, suit or proceeding, in each case to the fullest extent permissible under Section 145 (a) through (e) of the Delaware General Corporation Law or the indemnification provisions of any successor statute. The foregoing right of indemnification shall in no way be

exclusive of any other rights of indemnification to which any such person may be entitled under any By-law, agreement, vote of members, or disinterested directors or otherwise, and shall inure to the benefit of the heirs, executors and administrators of such a person.

3. INSURANCE. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, to the full extent allowable under Section 145(g) of the Delaware General Corporation Law.

4. ADDITIONAL FCC REQUIREMENTS. The Corporation is subject to certain FCC audit, budget, record keeping, information sharing and nondisclosure requirements which are specifically described in the Federal Communications Commission Order and Rules.

## ARTICLE VIII

### DISSOLUTION

Subject to compliance with the FCC Order and Rules and approval by the FCC Chairperson, if it should be deemed advisable in the judgment of the Board of Directors of the Corporation that the Corporation should be dissolved, the Board, by a majority of the whole board at any meeting called for that purpose, shall adopt a resolution to dissolve the Corporation.

Upon the Board approval of dissolution, a certificate of dissolution shall be filed with the Secretary of State pursuant to and in accordance with the provisions of the Delaware General Corporation Law. Upon such certificate becoming effective in accordance with the Delaware General Corporation Law, the Corporation shall be dissolved.

**CERTIFICATE OF INCORPORATION**

**OF**

**RURAL HEALTH CARE CORPORATION**

1. The name of the Corporation is **RURAL HEALTH CARE CORPORATION**.
2. The Registered Office of the Corporation in the State of Delaware is to be located at Corporation Trust Center, 1209 Orange Street, in the City of Wilmington, County of New Castle. The Registered Agent in charge thereof is **CORPORATION TRUST COMPANY**.
3. The purpose is as defined in the Federal Communication Commission's rules at 47 C.F.R. § 69.618, as it exists today and as it may be amended. As described in the aforementioned Commission rule, the Corporation will perform all functions relating to administering the telecommunications universal service support mechanisms for eligible rural health care providers, except those directly related to billing and collecting contributions and disbursing support. The Corporation may also engage, so long as it is consistent with FCC Orders and Rules, in any other lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

The Corporation does not contemplate pecuniary gain or profit and is organized for nonprofit purposes.
4. The Corporation shall not have any authority to issue capital stock and it shall not have members.
5. The name and mailing address of the sole incorporator is David F. Hoyle, Secretary of National Exchange Carrier Association, Inc., 100 South Jefferson Road, Whippany, NJ 07981.
6. After the original or other By-Laws of the Corporation have been adopted, amended, or repealed, as the case may be, in accordance with the provisions of Section 109 of the General Corporation Law of the State of Delaware, the power to adopt, amend, or repeal the By-Laws of the Corporation may be exercised either by the stockholders or the Board of Directors of the Corporation.
7. No director of the Corporation shall be personally liable to the Corporation, for monetary damages for breaches of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of director (i) for any breach of the director's duty of loyalty to the Corporation; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the General Corporation Law of Delaware; or (iv) for any transaction from which the director derived an improper personal benefit. No repeal or amendment of this Article SEVEN shall adversely affect any rights

of any person pursuant to this Article SEVEN with respect to acts or omissions occurring prior to such repeal or amendment.

I, THE UNDERSIGNED, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this \_\_\_\_\_ day of August, 1997.

\_\_\_\_\_  
David F. Hoyle, Sole Incorporator

**BY-LAWS**  
**OF**  
**RURAL HEALTH CARE CORPORATION**  
**(a Delaware corporation)**

**ARTICLE I**  
**DIRECTORS**

1. **FUNCTIONS AND DEFINITION.** The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors of the Corporation.<sup>1</sup> Pursuant to 47 C.F.R. § 69.617(f), no member of the Board of Directors shall receive compensation but each such member shall be entitled to receive reimbursement for expenses directly incurred as a result of his or her participation on the Board. The use of the phrase "whole board" herein refers to the total number of directors which the Corporation would have if there were no vacancies.

2. **QUALIFICATIONS AND NUMBER.** The qualifications and number of directors shall be determined in accordance with the Federal Communications Commission rule - 47 C.F. R. § 69.617(c). The number of directors may be increased or decreased by the Board at the direction of the Federal Communications Commission. The initial Board of Directors shall consist of five persons in the following composition: (i) the director representing rural health care providers on the Universal Service Administrative Company's (USAC) Board of Directors; (ii) an additional director representing rural health care providers who shall be selected by the Chairperson of the Federal Communication Commission at the same as he or she selects the USAC Board members; (iii) one director representing one of the categories of telecommunications service providers on USAC's Board of Directors and who will be selected by USAC's Board; (iv) one independent director who does not represent rural health care providers or service providers who shall be selected by the Federal Communication Commission's Chairperson at the same time he or she selects the USAC Board and (v) the Chief Executive Officer of the Corporation. A director shall cease to be a director of the Corporation and shall be subject to removal by the Board at the direction of the Federal Communications Commission if such director (a) changes his or her affiliation (as defined in this section 2) with the entity that made him or her eligible for membership on the Board and (b) upon such change is not affiliated

---

<sup>1</sup>As will be seen throughout this document, certain functions of the Corporation must be conducted in accordance with the Federal Communications Order ( Changes to the Board of Directors of the National Exchange Carrier Association, Inc. and Federal-State Joint Board on Universal Service, Report and Order and Second Order on Reconsideration, CC Docket No. 97-21 and CC Docket No. 96-145, FCC 97-253, released July 18, 1997 (Order) and the Federal Communications Commission's Rules (47 C.F.R. §§ 69.603 and 69.613 through 69.622 (Rules).

with the entity or constituency that nominated him or her.

3. **ELECTION AND TERM.** The first Board of Directors, unless the members thereof shall have been named in the certificate of incorporation, shall be elected by the incorporator in accordance with selections made by the Federal Communication Commission Chairperson and USAC Board pursuant to 47 C.F. R. § 69.617(c) and shall hold office for a term of two years until the first biennial election and until their successors are elected and qualified or until their earlier resignation or removal. Thereafter, directors who are elected in the biennial election, and directors who are elected in the interim to fill vacancies and newly created directorships, shall hold office until the next biennial election and until their successors are elected and qualified or until their earlier resignation or removal. Any director may resign at any time upon written notice to the Corporation. Unless a director is removed or resigns, he or she will serve a term of two years pursuant to 47 C.F.R. § 69.617(d).

4. **NOMINATION AND ELECTION OF BOARD MEMBERS.** Nomination and selection of the Board shall be conducted and biennial elections of the Board shall be held pursuant to 47 C.F.R. § 69.617(c). Once the FCC Chairperson and USAC Board has selected the members of the new board, the existing Board will elect the Board members selected by the FCC Chairperson and the USAC Board. In accordance with 47 C.F.R. § 69.617(d), if a Board member vacates his or her seat prior to the completion of his or her term, the Board will notify the FCC Common Carrier Bureau of such vacancy, and a successor will be chosen in accordance with the nomination and selection process in 47 C.F.R. §69.617(c). The member selected by the FCC Chairperson and, if necessary, the USAC Board to fill the vacated Board seat will be elected by the Board members.

5. **REAPPOINTMENT OF INCUMBENT BOARD MEMBERS.** There shall be no limitation on additional terms for Board members. At the end of each two year term, an incumbent may be re-elected pursuant to the process outlined in section 4 above and pursuant to 47 C.F.R. § 69.617(d).

6. **MEETINGS.**

**TIME.** Meetings shall be held at such time as the Board shall fix. Special meetings of the Board may be called by the Chairperson of the Board at any time. Upon the written request of three directors, a special meeting of the Board of Directors must be called by the Chairperson of the Board or Secretary, to be held not more than fifteen (15) days after receipt of such request.

**PLACE.** Pursuant to 47 C.F.R. § 69.617(e), all meetings of the Board shall be open to the public and held in Washington, D.C.

**CALL.** No call shall be required for regular meetings for which the time and place have been fixed. Special meetings may be called by or at the direction of the Chairperson of

the Board, if any, the Vice-Chairperson of the Board, if any, the Chief Executive Officer, or of a majority of the directors in office.

**NOTICE OR ACTUAL OR CONSTRUCTIVE WAIVER.** No notice shall be required for regular meetings for which the time and place have been fixed. Written, oral, or any other mode of notice of the time and place shall be given for special meetings in sufficient time for the convenient assembly of the directors thereat. Notice need not be given to any director or to any member of a committee of directors who submits a written waiver of notice signed by him before or after the time stated therein. Attendance of any such person at a meeting shall constitute a waiver of notice of such meeting, except when he or she attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors need be specified in any written waiver of notice.

**QUORUM AND ACTION.** A majority of the whole Board shall constitute a quorum except when a vacancy or vacancies prevents such majority, whereupon a majority of the directors in office shall constitute a quorum, provided, that such majority shall constitute at least one-third of the whole Board. A majority of the directors present, whether or not a quorum is present, may adjourn a meeting to another time and place. Except as herein otherwise provided, and except as otherwise provided by the Delaware General Corporation Law, the vote of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board. The quorum and voting provisions herein stated shall not be construed as conflicting with any provisions of the Delaware General Corporation Law and these By-Laws which govern a meeting of directors held to fill vacancies and newly created directorships in the Board or action of disinterested directors.

Any member or members of the Board of Directors or of any committee designated by the Board, may participate in a meeting of the Board, or any such committee, as the case may be, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other.

**CHAIRPERSON OF THE MEETING.** The Chairperson of the Board, if any and if present and acting, shall preside at all meetings. Otherwise, the Vice-Chairperson of the Board, if any and if present and acting, or the Chief Executive Officer, if present and acting, or any other director chosen by the Board, shall preside.

7. **REMOVAL OF DIRECTORS.** As provided by the Delaware General Corporation Law, any director may be removed, with or without cause. Removal may only occur with the prior written approval of the Chairperson of the Federal Communications Commission. Upon the removal of one or more directors, the FCC Common Carrier Bureau Chief shall initiate a nomination and selection process in accordance with 47 C.F.R. § 69.617(c) to replace the director(s) removed. Upon selection of the new director(s) by the FCC Chairperson, the Board

will elect such director(s).

8. COMMITTEES.

COMMITTEES. The Board of Directors may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each such committee and member thereof shall serve at the pleasure of the Board. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of any member of any such committee or committees, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board of Directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the Board, shall have and may exercise the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation with the exception of any authority the delegation of which is prohibited by Section 141 of the Delaware General Corporation Law, and may authorize the seal of the Corporation to be affixed to all papers which may require it.

SUBCOMMITTEES. Each committee, through a resolution, may establish subcommittees and determine the composition thereof. A subcommittee shall have, only, such authority as is delegated to it by the committee.

REPORTS. All committees and subcommittees shall keep books of separate minutes. All committees shall report all their actions at every regular meeting of the Board of Directors, or as often as may be directed by the Board. All subcommittees shall report all their actions to the committee which appointed them, at every regular meeting of that committee, or as often as may be directed by that committee.

9. WRITTEN ACTION. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee thereof may be taken without a meeting if all member of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

## ARTICLE II

### OFFICERS

1. CHIEF EXECUTIVE OFFICER. Pursuant to 47 C.F.R. §69.617(c)(5), the Board of Directors shall submit to the Chairperson of the Federal Communications Commission a candidate to serve as the Chief Executive Officer (CEO) of the Rural Health Care Corporation. The chosen CEO will be elected by the Board of Directors and the CEO shall then serve as a

member of the Corporation's Board of Directors.

2. **OTHER OFFICERS.** The other officers of the Corporation shall consist of a Secretary, a Treasurer, and, if deemed necessary, expedient, or desirable by the Board of Directors, a Chairperson of the Board, a Vice-Chairperson of the Board, an Executive Vice-President, one or more other Vice-Presidents, one or more Assistant Secretaries, one or more Assistant Treasurers, and such other officers with such titles as the resolution of the Board of Directors choosing them shall designate. Except as may otherwise be provided in the resolution of the Board of Directors choosing him or her, no officers other than the Chairperson, Vice-Chairperson of the Board and CEO need be a director. Any number of offices may be held by the same person, as the directors may determine.

Unless otherwise provided in the resolution choosing him or her, each officer shall be chosen for a one calendar year term and until his or her successor shall have been chosen and qualified. Elections of officers shall be the first order of business in the first Board of Directors meeting at the beginning of the calendar year.

All officers of the Corporation shall have such authority and perform such duties in the management and operation of the Corporation as shall be prescribed in the resolutions of the Board of Directors designating and choosing such officers and prescribing their authority and duties, and shall have such additional authority and duties as are incident to their office except to the extent that such resolutions may be inconsistent therewith. The Secretary or an Assistant Secretary of the Corporation shall record all of the proceedings of all meetings and actions in writing of stockholders, directors, and committees of directors, and shall exercise such additional authority and perform such additional duties as the Board shall assign to him or her. Any officer may be removed, with or without cause, by the Board of Directors. Any vacancy in any office may be filled by the Board of Directors.

### **ARTICLE III**

#### **MEMBERS**

The Corporation shall have no members. The activities of the Corporation shall be managed by the Board of Directors.

### **ARTICLE IV**

#### **CORPORATE SEAL**

The corporate seal shall be in such form as the Board of Directors shall prescribe.

**ARTICLE V****FISCAL YEAR**

The fiscal year of the Corporation shall begin on the first day of January in each year and end on the last day of December in each year.

**ARTICLE VI****CONTROL OVER BY-LAWS**

Subject to the provisions of the certificate of incorporation and the provisions of the Delaware General Corporation Law, the power to amend, alter or repeal these By-Laws and to adopt new By-Laws may be exercised by the Board of Directors.

**ARTICLE VII****GENERAL PROVISIONS**

1. **CONTRACTS.** The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances and shall be in compliance with FCC rules.
2. **INDEMNIFICATION.** The Corporation shall (a) indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection with the defense or settlement of such action or suit, and (b) 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 action by or in the right of the Corporation), by reason of the fact that he or she is or was director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him or her in connection with any such action, suit or proceeding, in each case to the fullest extent permissible under Section 145 (a) through (e) of the Delaware General Corporation Law or the indemnification provisions of any successor statute. The foregoing right of indemnification shall in no way be

exclusive of any other rights of indemnification to which any such person may be entitled under any By-law, agreement, vote of members, or disinterested directors or otherwise, and shall inure to the benefit of the heirs, executors and administrators of such a person.

3. INSURANCE. The Corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation against any liability asserted against him or her and incurred by him or her in any such capacity or arising out of his or her status as such, to the full extent allowable under Section 145(g) of the Delaware General Corporation Law.

4. ADDITIONAL FCC REQUIREMENTS. The Corporation is subject to certain FCC audit, budget, record keeping, information sharing and nondisclosure requirements which are specifically described in the Federal Communications Commission Order and Rules.

## **ARTICLE VIII**

### **DISSOLUTION**

Subject to compliance with FCC rules and approval by the FCC Chairperson, if it should be deemed advisable in the judgment of the Board of Directors of the Corporation that the Corporation should be dissolved, the board, by a majority of the whole board at any meeting called for that purpose, shall adopt a resolution to dissolve the Corporation

Upon the Board approval of dissolution, a certificate of dissolution shall be filed with the Secretary of State pursuant to and in accordance with the provisions of the Delaware General Corporation Law. Upon such certificate becoming effective in accordance with the Delaware General Corporation Law, the Corporation shall be dissolved.