

BY-LAWS OF

BUGGS ISLAND TELEPHONE COOPERATIVE

ARTICLE I MEMBERSHIP

SECTION 1. **Requirements for Membership.** Any person, firm, association, corporation, or body politic or subdivision thereon will become a member of Buggs Island Telephone Cooperative (hereinafter called the "Cooperative") upon receipt of monthly services from the Cooperative for local telephone, internet, or broadband. No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable.

SECTION 2. **Purchase of Services.** Each member shall, as soon as service is available, take service from the Cooperative and shall pay therefor monthly at rates in accordance with established tariffs as fixed by the Board. It is expressly understood that amounts paid for services in excess of costs are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these by-laws. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. **Property Interest of Members.** Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative shall have been paid;
- (b) All capital furnished through patronage shall have been retired as provided in these by-laws and
- (c) All membership fees shall have been repaid, 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 all members during the ten years next preceding the date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. **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 or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

SECTION 1. **Annual Meeting.** The annual meeting of members shall be held on the third Friday in May of each year beginning with the year 1998 at such place in the County of Mecklenburg, Virginia, as shall be designated by the Board, as is provided in the Notice of Meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day. In the event that the national welfare or best interest or convenience of the Cooperative shall, in the judgment of the Board of Directors, demand a change in the date of the annual meeting, such annual meeting may be held within 90 days prior to or 90 days subsequent to the date specified, by action of the Board of Directors. All members shall be notified of the change and the date fixed for the annual meeting when so held in accordance with such notice shall be and constitute a regular meeting of members in as full, complete and ample manner as though held on the date herein specified. If the election of Directors shall not be held on the date designated herein for any annual meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. It shall be the duty of the Board to provide for said members' meeting place. A failure to hold an annual meeting shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. **Special Meetings.** Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three board members, by the President, or by ten per centum of all the members., and it shall thereupon be the duty of the

Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative as designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. **Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than forty one days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. **Quorum.** At least one (1%) or no less than one hundred (100) of the members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice.

SECTION 5. **Voting Proxies.** At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No member shall vote as proxy for more than three members where such person is exercising a proxy in connection with the sale or lease of the property of the Cooperative. However, in connection with all other matters the number of proxies that a member may vote shall be unlimited. No proxy shall be valid after 38 months from the date of its execution. Any member may revoke his proxy at any time during the 38 month period by giving written notice to the Secretary. Valid proxies may be voted at any regular, adjourned, or special meeting of the members. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

SECTION 6. **Order of Business.** The order of business at the annual meeting of the members and, so far as possible at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

1. Report on the number of members present in person or represented by proxy in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, trustees and committees.
5. Election of Board members.
6. Unfinished business.
7. New business.
8. Adjournment.

SECTION 7. **Voting by Ballot.** If authorized by the Board, members may vote on any matter properly before the members by written ballot submitted to the person or persons identified by the Board prior to or at a meeting of the members. Further, if also authorized by the Board, such written ballots may be submitted by electronic transmission.



ARTICLE IV BOARD MEMBERS

SECTION 1. **General Powers.** The business and affairs of the Cooperative shall be managed by a board of not less than three nor more than ten members which shall be fixed by the members and which shall exercise all of the powers of the Cooperative except such as by law, the articles of incorporation, or these by-laws conferred upon or reserved to the members.

SECTION 2. **Election & Tenure of Office.** The persons named as directors shall compose the Board until the annual meeting or until their successors shall have been elected and shall have qualified New directors filling the positions of directors whose terms are expiring shall be elected at the annual meeting of the membership of the Cooperative and shall serve for a term of three (3) years or until their successors shall thereafter have been elected and qualified

SECTION 3. **Qualifications.** No person shall be eligible to become or remain a board member of the Cooperative who:

- (a) is not a member and bona fide resident of the area served or to be served by the Cooperative; or
- (b) is in any way employed by or financially interested in competing enterprise or a business engaged in selling telephone service or supplies, or constructing or maintaining telephone facilities, other than a business operating on a Cooperative non-profit basis for the purpose of furthering rural telephony.

Upon establishment of the fact that a board member is holding the office in violation of any or the foregoing provisions, the Board shall remove such board member from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board.

SECTION 4. **Nominations.** It shall be the duty of the Board to appoint, not less than forty (40) nor more than ninety (90) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting a list of nominations for directors. Any fifteen or more members acting together may make other nominations by petition not less than twenty (20) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least ten days before the date of the meeting, a statement of the number of directors to be elected and the names of the candidates nominated by petition, if any. The ballot to be used at the election shall list the names of the candidates nominated by petition, if any.

SECTION 5. **Removal of Board Members by Members.** Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least 10 days prior to the meeting of the members at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or person bringing the charges against him shall have the same opportunity. The question of the removal of such board member shall be considered and voted upon at the meeting of the members and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. **Vacancies.** Subject to the provision of these by-laws with respect to the filling of vacancies caused by the removal of board members by the members. A vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining board members for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty days after the vacancy occurs, the members shall have the right to fill such vacancy at a meeting of the members without compliance with the foregoing provisions in respect to nominations.

SECTION 7. **Compensation.** Board members shall not receive any salary for their services as such, except that the Board of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the Board as an emergency measure. For the purpose of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers, sisters, uncles, aunts, nephews and nieces by blood, by marriage or by adoption, and spouses of any of the foregoing.

ARTICLE V MEETINGS OF BOARD

SECTION 1. **Regular Meetings.** A regular meeting of the Board shall be held without notice immediately after, and at the same place as the annual meeting of the members. A regular meeting of the Board shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. **Special Meetings.** Special meetings of the Board may be called by the President or by any three board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. **Notice of Board Meetings.** Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each board member either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or one of the board members calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the board member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five days before the date set for the meeting.

SECTION 4. **Quorum.** A majority of the Board shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. The act of a majority of the board members present at a meeting at which a quorum is present shall be the act of the board, except as otherwise provided in these by-laws.

ARTICLE VI OFFICERS

SECTION 1. **Number.** The officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, chosen from members of the board, and such other officers as may be determined by the Board from time to time who may be members or non-members of the board. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. **Election and Term of Office.** The officers shall be elected annually by the Board at the meeting of the Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. Provided a person elected as President shall not be eligible for election to serve more than three (3) consecutive full terms of office. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.



SECTION 3. Removal of Officers and Agents by the Board. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best interest of the Cooperative will be served thereby

SECTION 4. President. The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the members or the Board, shall preside at all meetings of the members and the Board.
- (b) sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these by-laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board.

SECTION 6. Secretary. The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these by-laws or as required by law;
- (c) the safekeeping of the corporate books and records and the seal of the Cooperative and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof, and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these by-laws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the articles of incorporation and by-laws of the Cooperative containing all amendments thereto, and
- (f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board.

SECTION 7. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all monies due and payable to the Cooperative and for the deposit of all such monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these by-laws; and

SECTION 8. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The Manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board in its discretion may also require any other officer, agent, or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

SECTION 10. Compensation. The powers, duties, and compensation of officers, agents, and the Manager shall be fixed by the Board subject to the provisions of these by-laws with respect to compensation for a board member and close relative of a board member.

SECTION 11. Reports. The Officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATION

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

SECTION 2. Patronage Capital in Connection with Furnishing Telephone and Other Communication Services. In the furnishing of telephone and other 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 obliged to account on a patronage basis to its members for all amounts received and receivable from the furnishing of telephone and other communication services in excess of operating costs and expenses properly chargeable against the furnishing of telephone and other 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. The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses. The books and records of the Cooperative 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 is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each member of the amount of capital so credited to his account. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses may, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of members, as herein provided, and (c) credited to a non-allocated capital account for all non-operating sources of income not collected from members for basic telecommunications or information services. This account may be re-allocated in accordance with "(a)" and "(b)" from time to time based on the needs of the Cooperative.

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, 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 credited to members' accounts may be retired in full or in part. Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or a part of such members premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these by-laws, the Board at its discretion, shall have the power at any time upon the death of any member, if the legal representatives of his estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provision of these by-laws, to retire capital credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such member's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and by-laws shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contracts, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the by-laws shall be called to the attention



of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 3. **Cooperative's Right of Offset.** The Cooperative shall have a right of offset against the capital account for each member of any past due amount owed to the Cooperative by the member. The Cooperative may debit the member's capital account arising from a prior year or prior years, in whole or in part to satisfy the member's indebtedness to the Cooperative and any such offset shall be noted on the record of the member's capital account.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease, or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting, and after compliance with the laws of Virginia.

ARTICLE IX SEAL

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the Words "Corporate Seal Virginia."

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. **Contracts.** Except as otherwise provided in these by-laws, 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.

SECTION 2. **Checks, Drafts, etc.** All checks, drafts, or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

SECTION 3. **Deposits.** All funds except petty cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board may select.

SECTION 4. **Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and shall end on the thirty-first day of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. **Waiver of Notice.** Any member or board member may waive in writing any notice of a meeting required to be given by these by-laws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 2. **Policies, Rules, and Regulations.** The Board shall have power to make and adopt such policies, rules, and regulations, not inconsistent with law, the articles of incorporation, or these by-laws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 3. **Accounting System and Reports.** The Board shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Services of the United States of America. The Board shall also cause to be made by a certified public accountant a full and complete annual audit of the accounts, books and financial condition of the Cooperative. The results of such audit shall be reported to the members at the next following annual meeting.

SECTION 4. **Area Coverage.** The Board shall make diligent efforts to see that telephone service is extended to all unserved persons within the Cooperative service area who
(a) desire such service and
(b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII AMENDMENTS

These by-laws may be altered, amended, or repealed by the members at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal; provided, further, that Article III Section 5 (relating to voting by members) and Article VIII (relating to disposition of property) and Article XII (relating to amendments) of the by-laws may be altered, amended, or repealed only by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

STATEMENT OF NONDISCRIMINATION

Buggs Island Telephone Cooperative is the recipient of Federal financial assistance from the Rural Utilities Services (or its successors), an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is the General Manager of Buggs Island Telephone Cooperative. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U.S. Department of Agriculture, Washington, D.D. 20250; or the Administrator, Rural Utilities Services, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

