

AMENDED AND RESTATED BYLAWS

SCOTT COUNTY TELEPHONE COOPERATIVE, INC.

(AS AMENDED AND RESTATED ON NOVEMBER 10, 2025)

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SCOTT COUNTY TELEPHONE COOPERATIVE, INC.

(AS AMENDED AND RESTATED ON JUNE 13, 2022)

ARTICLE I Membership

SECTION 1. Requirements for Membership: Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of the Scott County Telephone Cooperative, Inc. (hereinafter called the “Cooperative” or the “Company”) upon receipt of telephone or other communication services from the Cooperative (except receipt of services under Article XII, Section 6 hereof), provided that the recipient of such services meets the following:

- a) Maintains residence in (i) the Clinchport-Fairview-Rye Cove-Stanley Town area, (ii) the Duffield-Pattonsville area, (iii) the Dungannon area, (iv) the Fort Blackmore area, (v) the Nickelsville area, or (vi) the Daniel Boone-Manville-Midway-Williams Mill area;
- b) Made a written application for membership in accordance with the established “Rates and Service Policy” and as hereinafter specified;
- c) Agreed to comply with and be bound by the Cooperative's articles of incorporation (hereinafter, the “Articles”) and these bylaws (hereinafter, the “Bylaws”) and any rules and regulations adopted by the Cooperative's Board of Directors (hereinafter referred to as the “Board,” “Board Members,” or the “Board of Directors”), and;
- d) Paid the membership fee which shall be twenty (\$20.00) dollars.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable, except as provided in these bylaws.

SECTION 2. Membership Certificates: Membership in the Cooperative shall be evidenced by either a paper or an electronic membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. No membership certificate shall be issued for less than the membership fee fixed by these Bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, a new certificate may be issued as the Board may prescribe.

SECTION 3. Joint Membership: A husband and wife may apply for a joint membership and, subject to their compliance with the requirements of Section 1 of this Article, may be accepted for such membership. The term “member” as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect

of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- b) The vote of either separately or both jointly shall constitute one joint vote;
- c) A waiver of notice signed by either or both shall constitute a joint waiver;
- d) Notice to either shall constitute notice to both;
- e) Expulsion of either shall terminate the joint membership;
- f) Withdrawal of either shall terminate the joint membership;
- g) Either but not both may be elected or appointed as an Officer or Board Member (as hereinafter defined), providing that both meet the qualifications for such office.

SECTION 4. Conversion of Membership:

- a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles, Bylaws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be cancelled, and shall be reissued by the Cooperative in such a manner as shall indicate the changed membership status.
- b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate shall be surrendered, and shall be reissued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Purchase of Service: Each member desiring access service shall, as soon as such service is available, take access service from the Cooperative and shall pay the rates charged by the Scott County Telephone Cooperative. It is expressively understood that amounts paid for such services in excess of costs are furnished by members as capital and each member shall be credited with the capital so furnished as provided by these Bylaws. Each member shall also pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable.

SECTION 6. Termination of Membership:

- a) A member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may be the affirmative vote of not less than two-thirds (2/3) of all the members of the Board,

expel any member who fails to comply with any of the provisions of the Articles, these Bylaws, or any rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes such member liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of thirty (30) days after service is available to such member has not permitted the installation of service, or of a member who has ceased to purchase service from the Cooperative, may be cancelled by resolution of the Board.

- b) Upon the withdrawal, death, cessation, of existence or expulsion of a member, the membership of such member shall thereupon terminate, and the membership certificate of such member shall be cancelled forthwith. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.
- c) In case of withdrawal or termination of membership in any manner, the Cooperative may repay to the member the amount of the membership fee paid by him/her, provided however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative, and further provided, however, that the financial condition of the Cooperative will not be impaired thereby.

ARTICLE II Rights and Liabilities of Members

SECTION 1. Property Interest of Members: Upon dissolution, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member bears to the total patronage of all members during the ten (10) years next preceding the date of the filing of the certificate of 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 Bylaws, and
- c) All membership fees shall have been repaid.

SECTION 2. Non-Liability for the Debts of the Cooperative: The private properties 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 the members shall be held during the month of October of each year at such place and date as shall be selected by the Board and which shall be designated in the notice of the meeting, for the purpose of electing Board members (hereinafter referred to individually as a "Board Member," and collectively, the "Board Members"), passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings: Special meetings of the members shall be called by resolution of the Board, or upon written request signed by any three (3) Board Members, by the President, or by not less than two-hundred (200) or by ten percent (10%) of all the members, whichever shall be the lesser, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members shall be held at any place designated by the Board and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Members' Meeting: Except as otherwise required by law, written notice of all members' meetings shall be sent or otherwise given by or at the direction of the Secretary no less than ten (10) days and no more than sixty (60) days before the date of the meeting to each member entitled to vote at such meeting. The notice shall specify the place, date, and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called. Written notice of any members' meetings, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the member at his/her address as it appears on the records of the Cooperative. Without limiting the manner by which notice may be given effectively to members, any notice to members may be given by electronic mail or other electronic transmission to the member at such member's electronic mail address as it appears on the records of the Cooperative. The failure of any member to receive notice of a members' meeting shall not invalidate any action which may be taken by the members at such meeting, and in the absence of fraud, and affidavit of the Secretary or an Assistant Secretary of the Cooperative shall be *prima facie* evidence of the facts stated therein.

SECTION 4. Quorum: At any meeting of the members, one percent (1%) of the total number of members who shall be present in person or represented by proxy shall constitute a quorum for the transaction of any business. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

SECTION 5. Voting Rights of Members. Only members shall be entitled to vote at the meetings of the members of the Cooperative. Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of the majority of the members voting thereon in person or by

proxy, except as otherwise provided by law, the Articles, or these Bylaws.

SECTION 6. Proxies: At all meetings of the members, a member entitled to vote may vote in person or by proxy executed in writing by the member, appointing some other member to cast his/her vote or to vote by his/her duly authorized attorney in fact, but such appointment shall be limited to other members of the Cooperative. Members voting as proxy for other members at any meeting shall file such proxies with the President, c/o Scott County Telephone Cooperative, Inc., Gate City, Virginia, ten (10) days prior to the annual meeting. No member shall vote as proxy for more than six (6) members at any meeting of the members, provided, however, that a person may act as proxy for an unlimited number of members for the purpose of voting on proposed amendments to the Articles, or on the question of mortgaging or otherwise encumbering any of the Cooperative's property to secure loans made or to be made to the Cooperative by the United States of America, or any agency or instrumentality thereof. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him/her and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he/she had not executed a proxy.

SECTION 7. Order of Business: The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meetings:

- a) Report on the number of members present in person or represented by proxy in order to determine the existence of a quorum.
- b) 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.
- c) Reading of unapproved minutes of previous meetings of the members and taking the necessary action thereon.
- d) Presentation and consideration of reports of Officers, Board Members, and committees.
- e) Election of Board Members.
- f) Unfinished business.
- g) New business.
- h) Adjournment.

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 five (5) nor more than ten (10) Board Members which shall exercise all of the powers of the Cooperative except such powers as are otherwise conferred upon or reserved to the members by law, the Articles, or these Bylaws.

SECTION 2. Election and Tenure of Office: Board Members shall be elected by secret ballot at annual meetings of the members by and from the members to serve three year terms. The Board Members shall be elected in accordance with representation from the following established areas: the Clinchport-Fairview-Rye Cove-Stanley Town area shall be entitled to three (3) Board Members; the Duffield-Pattonsville area shall be entitled to one (1) Board Member; the Dungannon area shall be entitled to one (1) Board Member; the Fort Blackmore area shall be entitled to one (1) Board Member; the Nickelsville area shall be entitled to two (2) Board Members; the Daniel Boone-Manville-Midway-Williams Mill area shall be entitled to two (2) Board Members. A map of the service area will be available for general inspection by members during the Company's normal hours of business operation. If an election of Board Members shall not be held on the day designated for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors within a reasonable time thereafter. Board Members shall serve their entire term or until their successor shall have been qualified and elected. All members attending Annual Meetings or voting by proxy shall be entitled to vote for all Board of Directors' positions up for election.

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 by the Cooperative; or
- b) Is in any way employed by or financially interested in a competing enterprise or business engaged in selling telephone or other communications services or supplies, or constructing or maintaining telephone or other communications facilities, other than a business operating on a cooperative non-profit basis for the purpose of furthering rural telephony or other communication services.
- c) Is unqualified or ineligible to serve as a principal of a private security services business pursuant to Article 4 of Title 9.1 of the Code of Virginia or Title 6, Section 20-171-30 of the Administrative Code, both as may be amended or modified from time to time, or, respectively, any successor statute or regulation thereto.
- d) No current or former employee of the Scott County Telephone Cooperative shall be eligible to run for or remain in a position on the Board of Directors of the Scott County Telephone Cooperative.

Upon establishment of the fact that a Board Member is holding office in violation of any of the foregoing provisions, the Board shall remove such Board Member from office.

Nothing contained in this section shall effect 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 sixty (60) days nor more than one hundred twenty (120) days before the date of a meeting of the members of which Board Members are to be elected, a ten (10) member committee on nominations. The committee on nominations shall be composed of three (3) members from the Clinchport-Fairview-Rye Cove-Stanley Town area, one (1) member from the Duffield-Pattonsville area, one (1) member from the Fort Blackmore area, two (2) members from the Nickelsville area, one (1) member from the Dungannon area, and two (2) members from the Daniel Boone-Manville-Midway-Williams Mill area. No Board Member may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations for Board Members which shall include at least one (1) candidate for each Board position to be filled by the election. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but in either case, at least ten (10) days before the date of the meeting, a statement of the number of Board Members to be elected and the names and addresses of the candidates nominated by the committee on nominations. Any fifteen (15) or more members acting together may make other nominations by petition, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. Nominations made by petition, if any, shall be made no later than 5:00 p.m. on the 15th day after the meeting of the nominating committee. Nominations made by petition, if any received by 5:00 p.m. on the 15th day after the meeting of the nominating committee shall be included on the official ballot. No nominations shall be made from the floor by members on the date of the annual meeting of the Scott County Telephone Cooperative.

SECTION 5. Seating of Board Member-Elects: No Board Member-elect may be seated on the Board or cast a vote on any Board matter until such Board Member-elect has complied with the requirements of Title 6, Section 20-171-30 of the Virginia Administrative Code. Any delay in seating a Board Member-elect under this Section shall not constitute a vacancy on the Board under Section 8 of this Article unless such Board Member-elect shall fail to qualify under such requirements within one hundred twenty (120) days after such Board Member-elect's election to the Board.

SECTION 6. Removal of Board Member 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 percent (10%) of the members or two hundred (200) members, whichever is the lesser, may request the removal of such Board Member by reason thereof. Such Board Member shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which time 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 charge; and the person or persons bringing the charges against such Board Member 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 7. Resignation of Board Member: Any Board Member may, at any time and for any reason, resign by delivering such Board Member's resignation to the Board of Directors or to the Cooperative's principal office. Such resignation shall be immediately effective upon receipt unless the writing specifies that resignation is to be effective at a later time.

SECTION 8. Vacancies: Any vacancy on the Board, except a vacancy caused by the removal of a Board Member by the members under Section 6 of this Article, shall be filled by the affirmative vote of a majority of the remaining Board Members for the unexpired portion of the term.

SECTION 9. Compensation: The Board shall fix the compensation to be received by the Board Members, except that the Board Members shall be entitled to reimbursement for expenses incurred by them in the performance of their duties. No Board Member shall receive compensation for serving the Cooperative in any other capacity, nor shall any Close Relative (as defined in Section 10 of this Article) of a Board Member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by the vote of the members or the service by the Board Member or such Board Member's Close Relative shall have been certified by the Board in an annual disclosure to be done at the first of every year.

SECTION 10. Unrelated Persons: Defined as follows:

- a) No Close Relative of a Board Member closer in degree than a first cousin shall be eligible for employment with the Cooperative. "Close Relative" shall mean, whether by marriage, blood, or adoption, any person who is a spouse (or person living together and in a conjugal relationship with a Board Member, even if not legally married), child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of a Board Member.
- b) A Close Relative of a Board Member may be or remain employed by the Cooperative only if: (i) such Close Relative employee's relationship with the Board Member is fully disclosed to the Board, and the Board approves the prospective or continuing employment after such disclosure, (ii) such Close Relative employee does not report directly to the Board, and (iii) the Board Member related to such Close Relative employee does not participate in any formal or informal Board or management discussion, evaluation, or decision concerning such Close Relative's employee's hiring, firing, promotion, demotion, assignment, reassignment, compensation or other employment issue.
- c) This Section shall not affect or cause the termination of the employment of any employee of the Cooperative who (i) is a Close Relative of a Board Member as of March 10, 2014, or (ii) becomes a Close Relative of a Board Member by marriage which occurs subsequent to the election of such Board Member.

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. Additional regular meetings of the Board shall be held at least six (6) times per year at such time and place as the Board by resolution may designate, and such regular 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 any three (3) 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 all Board meetings shall be sent, personally delivered, or otherwise given to each Board Member, 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, postage prepaid, addressed to the Board Member at such Board Member's address as it appears on the records of the Cooperative at least five (5) days before the date set for the meeting. Without limiting the manner by which notice may be given effectively to Board Members, any notice to Board Members may be given by electronic mail or other electronic transmission to the Board Member at such Board Member's electronic mail address as it appears on the records of the Cooperative. The failure of any Board Member to receive notice of a Board meeting shall not invalidate any action which may be taken by the Board at such meeting, and in the absence of fraud, and affidavit of the Secretary or an Assistant Secretary of the Cooperative shall be *prima facie* evidence of the facts stated therein.

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 Bylaws.

SECTION 5. Board Action by Written Consent Without Meeting: Unless otherwise restricted by law, the Cooperative's Articles or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors, may be taken without a meeting if all Board Members consent thereto in writing or by electronic transmission, and the writings or electronic transmissions are filed with the minutes of proceedings of the Board. Any copy, facsimile, or other reliable reproduction of a consent in writing may be substituted or used in lieu of the original writing for any and all purposes for which the original writing could be used, provided that such copy, facsimile, or other reproduction shall be a complete reproduction of the entire original writing.

ARTICLE VI Officers

SECTION 1. Number: The Officers of the Cooperative shall be a President, Vice President, Secretary, Treasurer, and such other officers as may be determined by the Board from time to time. The office of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office: The Officers shall be elected by ballot, annually by and from 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/her successor shall have been elected and shall have qualified. 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 interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an Officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percent (10%) of the members or two hundred (200) members, whichever is the lesser, may request the removal of such Officer. The Officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting 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 persons bringing the charges against such Officer or Agent shall have the same opportunity. In the event the Board does not remove such Officer or Agent, the question of such Officer's or Agent's removal may be considered and voted upon at the next meeting of the members.

SECTION 4. Resignation of Officers or Agents: Any Officer or Agent elected or appointed by the Board may, at any time and for any reason, resign by delivering such Officer's or Agent's resignation to the Board of Directors or to the Cooperative's principal office. Such resignation shall be immediately effective upon receipt unless the writing specifies that resignation is to be effective at a later time.

SECTION 5. President: The President:

- a) Shall be the principal Executive Officer of the Cooperative and, unless otherwise determined by the Board Members, shall preside at all the meetings of the members and the Board;
- b) May 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 expressively delegated by the Board or by these Bylaws to some other Officer or Agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- c) Shall in general perform all duties incident to the office of President and such other duties as may be prescribed by the Board from time to time.

SECTION 6. Vice President: In the absence of the President, or in the event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him/her by the Board.

SECTION 7. Secrets: The Secretary shall be responsible for:

- a) Keeping the minutes of the meetings of the members, of committees, and of the Board in books provided for that purpose;
- b) Seeing that all notices are duly given in accordance with these Bylaws or as required by law;
- c) Safekeeping of the corporate books and records and the Cooperative's membership certificates (paper or electronic), and affixing the seal of the Cooperative 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 Bylaws;
- d) Keeping a register of the names and post office addresses and electronic mail addresses (if applicable) of all members;
- e) Issuing membership certificates (paper or electronic), as prescribed by the Board;
- f) Keeping on file at all times a complete copy of the Articles and Bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy to each member of the Bylaws and of all amendments thereto; and
- g) In general, performing all duties incident to the office of Secretary and other such duties as from time to time may be assigned to him/her by the Board.

SECTION 8. Treasurer: The Treasurer shall:

- a) Have custody of all funds and securities of the Cooperative.
- b) Be responsible for the receipt of and the issuance of receipts for all money due and payable to the Cooperative and for the deposit of all such money in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws; and
- c) In general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him/her by the Board.

SECTION 9. 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/her.

SECTION 10. 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 11. Compensation: The powers, duties, and compensation of Officers, Agents, and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a Board Member and Close Relatives of a Board Member.

SECTION 12. 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.

SECTION 13. Authority and Duties: In addition to the foregoing authority and duties, all officers or agents of the Cooperative shall respectively have such authority and perform such duties in the management of the business of the Cooperative as may be designated from time to time by the Board of Directors.

ARTICLE YII Committees

SECTION 1. Authority: In addition to the committee on nominations, the Board of Directors may from time to time designate, authorize, and appoint one or more committees. Any such committee, to the extent permitted by law and provided in the resolution of the Board of Directors or these Bylaws, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Cooperative, and may authorize the seal of the Cooperative to be affixed to all papers which may require it; provided, however, that no such committee shall have the power or authority in reference to the following matters: (i) approving, adopting, or recommending to the members, any action or matter expressly required to be submitted to the members for approval to the members for approval under Virginia law, or (ii) adopting, amending, or appealing these Bylaws. The Board may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

SECTION 2. Committee Membership: The members of each such committee shall be appointed by the Board, and shall include at least one (1) Director of the Cooperative. The Board of Directors may at any time increase or decrease the numbers of members of a committee, or may terminate the existence of such committee. The membership of a

committee member shall terminate on the date of his or her death or voluntary resignation from the committee or the Board of Directors. The Board of Directors may at any time and for any reason remove any individual committee member and the Board may fill any committee vacancy created by death, resignation, removal, or increase in the number of members of the committee.

SECTION 3. Committee Meetings: Unless the Board shall otherwise provide, regular meetings of any committee appointed pursuant to this Article VII shall be held at such times and places as are determined by the Board of Directors, or by any such committee if so authorized by the Board. Special meetings of any committee appointed pursuant to this Article VII may be called by the Board of Directors, or by any member of such committee if so authorized by the Board. Such special meetings shall be held at such times and places as are determined by the Board of Directors, or by any such committee if so authorized by the Board.

SECTION 4. Notice of Meetings: Written notice of the date, time, place, and purpose of all committee meetings shall be sent, personally delivered, given by electronic mail, or other electronic transmission to each committee member, or otherwise given as the Board of Directors may designate. Such notice shall be deemed effective when made, unless otherwise authorized by the Board of Directors.

SECTION 5. Voting: Unless otherwise provided by the Board in the resolutions authorizing the creation of any committee under this Article VII, a majority of the authorized number of members of any such committee shall constitute a quorum, and the act of a majority of those present at any meeting at which a quorum is present shall be the act of such committee.

SECTION 6. Committee Minutes: Each committee authorized under this Article VII shall keep regular minutes of its meetings, and shall report the same to the Board of Directors after each such meeting, unless otherwise required by the Board.

ARTICLE VIII 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 patrons. 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 patrons 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 patrons 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 expense at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for such patron 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 manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of a fiscal year notify each patron of the amount of capital so credited to such patron's account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron 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 shall, in so far 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 patrons on a patronage basis for any amount so allocated shall be included as part of the capital credited to the accounts of patrons as herein provided.

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 patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired.

Capital credited to the account of each patron 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 patron's premises served by the Cooperative unless the Board, acting under policies of general application shall determine otherwise.

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

As a policy of general application, on and after October 7, 1989, capital credits

allocated and approved for payment, but which are not claimed and remain unclaimed after a reasonable effort by the Cooperative, including a mailing to the member's last known address and a notice in a newspaper of general local distribution shall be reassigned to the current year's members' patronage capital credits account.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

ARTICLE IX Disposition of Property

SECTION 1. The Cooperative may not sell or otherwise dispose of all or any substantial portion of its property unless such sale or other disposition is authorized at a regular or special meeting of the members by the affirmative vote of not less than two-thirds (2/3) of all total members eligible to vote either in person or by proxy.

SECTION 2. The Cooperative, through action by the Board without authorization by the members, shall have the authority to borrow funds for the Cooperative, to mortgage and deliver deeds of trust and encumber the property and assets of the Cooperative and enter into legal contracts as the Board deems necessary to carry out the business and purposes of the Cooperative for the benefit of the members.

ARTICLE X Seal

The Corporate Seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Gate City, Virginia."

ARTICLE XI Financial Transactions

SECTION 1. Contracts: Except as otherwise provided in these Bylaws, the Board may authorize any Officer or Agent 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. Unless so authorized or ratified by the Board of Directors or within the agency power of an Officer, no Officer or Agent of the Cooperative shall have the power or authority to bind the Cooperative by any contract or engagement or to pledge

its credit or render it liable for any purpose or for any amount.

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, Agent, or employee of the Cooperative and in such a manner as shall from time to time be determined by resolution of the Board.

SECTION 3. Deposits: All funds except petty cash and change funds 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. Change in Rates: Written notice shall be given to the Administrator of the USDA's Rural Utilities Service of the United States of America not less than ninety (90) days prior to the date upon which the proposed change in the rates charged by the Cooperative for telephone or other communication service becomes effective.

SECTION 5. 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 XII

Miscellaneous

SECTION 1. Membership in other Organizations: The Cooperative may become a member of other cooperatives, associations, or purchase stock in other companies upon an affirmative vote by two-thirds (2/3) of total Board Members, so long as the investment, in the cooperative, association, or stock company will not exceed ten percent (10%) of the net worth of the Scott County Telephone Cooperative. However, the Cooperative may purchase stock in, or become a member of any corporation or organization subject to ratification of such act by the members at their next meeting.

SECTION 2. Waiver of Notice: Notice of a members meeting, Board meeting, or committee meeting required to be given by these Bylaws may, before, or after such meeting, be waived in writing, signed by the person entitled to notice thereof, or by electronic transmission from such person. The attendance of a member, Board Member, or committee member at any meeting shall constitute a waiver of notice of such meeting by such member, Board Member, or committee member, except in case a member, Board Member, or committee 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. Any member, Board Member, or committee member so waiving notice of such meeting shall be bound by the proceedings of any such meeting in all respects as if due notice thereof had been given.

SECTION 3. Policies, Rules, and Regulations: The Board shall have the power to make and adopt such polices, rules, and regulations, not inconsistent with law, the articles of incorporation or these Bylaws, as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 4. 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, 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 USDA's Rural Utilities Service 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 as of the end of each fiscal year. The results of such audit shall be reported to the members at the next annual meeting.

SECTION 5. Area Coverage: The Board shall make diligent effort to see that services are 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.

SECTION 6. Service to Non-Members: The Cooperative shall not provide its services to non-members, except the Cooperative may provide services to non-members at a cost basis similar to those charged to the Cooperative's members as follows:

- (a) The Cooperative may offer services to the general public, whether in the Cooperative Service Area or otherwise, through a subsidiary wholly owned by the Cooperative on a for-profit basis.
- (b) If the Cooperative acquires facilities already dedicated to public use, the Cooperative may continue to provide services to persons using the services at such facility at the time of the acquisition without requiring those persons to become members of the Cooperative.

The receipt of services from the Cooperative under this Section shall not entitle any person, firm, association, corporation, or body politic or subdivision thereof to membership in the Cooperative unless such person otherwise meets all requirements for membership under Article I, Section 1 of these Bylaws.

SECTION 7. Facsimile Signatures: In addition to the provisions for use of facsimile signatures elsewhere specifically authorized in these Bylaws, facsimile signatures of any Officer or Officers, or Agent or Agents, of the Cooperative may be used whenever and as authorized by the Board of Directors.

ARTICLE XIII Amendments

SECTION 1. By the Board of Directors: The Board of Directors shall have the power to make, alter, amend, and repeal these Bylaws for the management and regulation of the Cooperative's business and affairs by majority vote of the Board Members; provided, however, that any such making, alteration, amendment, or repeal of these Bylaws by the Board of Directors may be repealed by the Cooperative's members as provided in Section 2 of this Article.

SECTION 2. By Members: These bylaws 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, by two-thirds (2/3) of the members present at the meeting, in person, or by proxy, casting affirmative votes for the motion; provided further, however that Article III Section 5 of these Bylaws (relating to voting by members) may be amended or repealed only by affirmative vote of two-thirds (2/3) of the total eligible voting members of the Cooperative voting in person or by proxy at a regular or special meeting of the members.

ARTICLE XIV Rates, Terms, and Conditions of Service

SECTION 1. Rates and Service Conditions: The rates, terms, and conditions of service along with the Company's procedure for the resolution of disputes shall be outlined in the Company's "Rates and Service Policy" ("Policy") which shall be adopted by the Company's Board of Directors in accordance with procedures established in these Bylaws. The Board of Directors shall have the authority to amend this Policy from time to time as it sees fit.

SECTION 2. Policy Inspection: The Company shall make its Policy available for general inspection by subscribers during the Company's normal hours of business operation.