



YEARS OF PROGRESS



Surry Telephone Membership Corporation

Dobson, North Carolina

Foreward

This handbook corresponds to the book of instruction you receive with most equipment you buy. It is prepared to answer most of the questions you will have about your telephone Cooperative and its services. It tells you how you can get the most from your membership in the Surry Telephone Membership Corporation. Please keep this book in an accessible location and use it when you need it.

If you have a specific problem or question, do let us know. We are as close as your telephone - no further than your mail box. Better still, drop in, talk it over, and become better acquainted with your staff.

TABLE OF CONTENTS

WHAT IS A TELEPHONE COOPERATIVE?	2
Your Co-op is Your Business	2
Requirements for Membership	2
Cooperative Organization	2
What is REA?	2
Capital Credits	3
Long-Term Financing	3
YOUR COOPERATIVE'S HISTORY AND OPERATION	4
Board of Directors	4
President Sums It Up	5
Secretary and Treasurer Present the Facts	6
Manager Gives Operation Views	7
Manager and Staff	8
Statistics of Operation	9
Balance Sheet	10
Highlights Through the Years	11
Patron's Capital Credits	14
Long-Term Financial Obligation	14
Properties	15
Service and Cost to Members	16
Members Responsibility	18
Statement of Objectives	19
BY-LAWS	20

WHAT IS A TELEPHONE COOPERATIVE?

YOUR CO-OP IS YOUR BUSINESS

Your telephone service is provided by the Surry Telephone Membership Corporation, Dobson, North Carolina. It is a private enterprise because it is a business owned by a specific group of people (not the public). The people who use its services are members of the organization. They own it. This includes YOU. As a Cooperative, it operates on a non-profit basis and all revenues over and above the cost of doing business are returned to members under a refund plan called Capital Credits. (See pg. 3)

REQUIREMENTS FOR MEMBERSHIP

Any person, firm, association, corporation, or body politic or sub-division thereof may become a member of Surry Telephone Membership Corporation by:

- (a) Making an application for telephone service
- (b) Agreeing to purchase from the Co-op telephone service as specified
- (c) Agreeing to comply with and be bound by the articles of incorporation and by-laws of the Co-op and any rules and regulations adopted by the Board of Directors
- (d) Agreeing to pay the membership hereinafter specified on uniform terms and conditions established by the Board

COOPERATIVE ORGANIZATION

The first telephone Cooperatives to be REA financed were organized in 1949. At that time very few people living outside the city and town limits had adequate telephone service. The Federal Government amended the Rural Electrification Administration Act, to lend money to build telephone lines in rural areas.

The REA lends money to Cooperatives at an interest rate of two per cent. True, this is a most favorable rate, but it is the "equalizer" which enables a Rural Cooperative to build a system serving only one or two phones per mile when it has pledged itself to total area coverage. In many instances, even with the Federal loans, the established telephone companies could not afford to, or would not build the lines. The people who wanted telephone service for their homes and farms formed Cooperatives and borrowed the necessary capital from the REA to construct telephone lines. In this manner, telephone Cooperatives have been formed throughout the United States. They are faithfully repaying their loans . . . with interest. (See pg. 3)

WHAT IS REA?

In 1935, Congress established the Rural Electrification Administration, now commonly known as the REA. Its only purpose then . . . as it is today . . . was to lend money to extend telephone and electric facilities into rural areas. REA is not in the business of furnishing telephone service or electric power.

The Rural Electrification Administration does not own or operate today's consumer-owned Cooperative utilities.

CAPITAL CREDITS

Cooperatives, like all other well-run businesses must have an excess of income after all operating expenses in order to continue to give service to their subscribers. In the case of Cooperatives, this excess, after operational costs are met, is called Margins or Capital Credits. This amounts to capital furnished by the subscribers and credit is allocated to each subscriber based on the amount of his patronage.

The Capital Credits fund is used to purchase equipment, and to meet the cost of emergencies such as repair of wind, sleet and snow damage to lines. It is used to meet reserve requirements and also to retire the Cooperatives long-term debts. This member capital will eventually replace a major portion of the REA loans. Cooperatives began with 100 per cent debt. Capital Credits provide the only way they can attain equity, or net worth.

As the Capital Credits fund increases, each subscriber's degree of ownership in his Cooperative increases. We are now paying Capital Credits to the estates of deceased members. When financial conditions and loan contract requirements permit, the Cooperative will pay the accumulated Capital Credits in cash. (See pg. 14, Patron's Capital Credits)

LONG-TERM FINANCING

Long-term financing is necessary for the growth and development of Surry Telephone Membership Corporation. Since its inception in 1951, STMC has executed 17 mortgage notes. All notes currently bear interest at the rate of two per cent per annum and mature 35 years from their date. (See pg. 14, Long-Term Financial Obligation)



Members Register at Annual Meeting - 1970



BOARD OF DIRECTORS

The 1969 Board, L. to R. — Bruce A. Younger, Route 6, Mount Airy, N. C.; E. Bryant Smith, Route 1, Box 202, State Road, N. C.; Don W. Cochrane, Sr., State Road, N. C.; Claude Ramey, Route 6, Box 298, Mount Airy, N. C.; W. H. Hardy, Siloam, N. C.; C. D. Smith, Route 2, Dobson, N. C.; Earlie Gilley, Route 2, Pilot Mountain, N. C.; Paul Covington, Route 2, Pilot Mountain, N. C. Standing, L. to R. - John M. Smith, Manager, Dobson, N. C.; Hoke F. Henderson, Attorney at Law, Elkin, N. C. Insert - Mondell Hunter, Route 2, Pilot Mountain, N. C.; absent when picture was taken.

These men have served as Directors:

<u>Charter Members</u>	<u>Years Served</u>
W. H. Hardy	Feb. 1951 -
C. D. Smith	Feb. 1951 -
Don W. Cochrane, Sr.	Feb. 1951 -
Glenn Park	Feb. 1951 - Mar. 1965
D. A. Livengood	Feb. 1951 - Dec. 1953
Glenn Payne	Feb. 1951 - Mar. 1969
R.E. Snow (Deceased)	Feb. 1951 - Apr. 1964

Board Members Elected:

Claude W. Ramey	Dec. 1961 -
Paul Covington	Dec. 1961 -
Earlie Gilley	Dec. 1957 -
E. Bryant Smith	May 1964 -
Bruce Younger	Mar. 1968 -
Mondell Hunter	Mar. 1969 -
Henley Goings	Mar. 1965 - May 1967

Surry Telephone Membership Corporation is owned and controlled by its members. Each member has an equal voice in its operation.

Members exercise their rights through their elected representatives, called Directors. Each director must be a member and receive telephone service at the standard rates. Three Directors are elected annually for a three year term. We have nine directors.

The Directors meet as a Board on the 2nd Thursday in each month at the Cooperative's headquarters. In addition, they are subject to call for special meetings, and often are expected to attend conferences with other Cooperative leaders on a state, regional or national basis. Sometimes they attend special training courses and institutes to improve their understanding of the many technical subjects on which they must make important business decisions.

The Board establishes basic policies and guides which are used in the operation of the Cooperative.

PRESIDENT SUMS IT UP THIS WAY . . .

Surry Telephone

MEMBERSHIP CORPORATION
DOBSON, NORTH CAROLINA 27017

PHONE: 386-8871

Officers:

W. H. HARDY, *President*
EARLIE GILLEY, *Vice-President*
CLAUDE RAMEY, *Secretary*
C. D. SMITH, *Treasurer*

JOHN M. SMITH
Manager

December 31, 1969

Directors:
DON W. COCHRANE
PAUL COVERGTON
MONDELL HUNTER
E. BRYANT SMITH
BRUCE YOUNGER

Dear Telephone Member:

The telephone cooperative that now serves the rural people of Surry and western Stokes counties is the rewarding accomplishment for the united efforts of determined rural people.

The Rural Electrification Administration in 1939 began to assist the rural people in their efforts to bring electricity into their homes on a cooperative plan. Now these same rural people visualized a telephone cooperative to provide the telephone service that they had been unable to obtain from any other source.

The Rural Electrification Administration in 1949 made available its first loan funds to provide telephone service to rural areas. Your telephone cooperative, along with others throughout the United States, began with a "cloud of doubt" hanging over it as to its success.

The beginning years with its multi-party lines and with toll charges on all calls to other exchanges, left much to be desired, but telephone service was at last a reality in the rural home and our Cooperative was established.

Fifteen years later, we can proudly proclaim that the initial aim of the Cooperative - "to provide dependable area-wide telephone service on the cooperative plan and at the lowest cost consistent with sound economy and good management" has been successfully realized. Each year has brought improvements in equipment, graded service and extended areas that can be called free of toll charges. The member growth has exceeded all expectation. "Clouds of doubt" about the success of the Cooperative has been replaced with wonder and amazement.

Your Cooperative has played an important role in the economic development of our rural communities. Without it many of our homes today would be without telephone service. Without your interest and support your telephone cooperative would not have been able to write this success story.

Congratulations on a job well done.

Sincerely,

W. H. Hardy
W. H. Hardy, President



Earlie Gilley, Vice-President
... elected to this office
in March, 1969



W. H. Hardy, President
... Cooperative's President
since its organization



THE SECRETARY AND TREASURER PRESENT THE FACTS . . .

Each yearly report of the Cooperative's fifteen years of operation has shown progress. From 1954, with a beginning of 8-party service to 192 members, to December, 1969, great strides have been made in every phase of the Cooperative's operation - member growth, facilities, toll, and graded service.

We have compiled for this publication several reports showing a 5-year comparison which shows the great accomplishments over the 15-year operation period. We hope that you will read and study these reports. All other material used has been prepared to fully inform you about your Cooperative's operation and to tell its success story.

The rural Cooperative member can be proud to have been a part of this successful endeavor.

Claude W. Ramey
Claude W. Ramey, Secretary

C. D. Smith
C. D. Smith, Treasurer



Claude W. Ramey, Secretary
... Elected to this office
in May, 1964



C. D. Smith, Treasurer
... since 1951

MANAGER GIVES OPERATION VIEWS . . .

The year 1969 has been highlighted with many accomplishments for your Cooperative. The Shoals Exchange was cut into service as an all one-party Exchange. Approximately 100 miles of buried cable was added to the outside plant facilities in the Level Cross Exchange to provide for conversion to one-party service. This conversion was completed in November of this year. These projects are phases of an all one-party system design.

Results of efforts and struggles of prior years seem to have culminated in 1969 and a telephone system for rural people that is modern, dependable, with greatly extended area service, and one-party graded service has truly become a reality.

New goals were realized in our financial operation this year. Operating revenues reaching an all-time high, with operating expenses held steady, produced the highest margin in the Cooperative's operation.

We foresee within the next few years a sharp reduction in margins. This will result from the large investment in outside plant. The depreciation and interest expense on this investment will be substantial.

The Cooperative has played an important role in the economic development of our rural communities. Throughout the Cooperative's years of operation, management has strived to keep "the communication lines open" and ears tuned to the needs of the members it serves.

The Cooperative has made great effort to meet its obligation as an employer. By action of the Board of Directors, the Cooperative's employees have a wage, vacation and sick leave schedule; and are covered by life, hospital and retirement insurance programs.

Measure the progress of your Cooperative by the telephone service it is now rendering and the cost of this service with that of just five years ago to see the progress that has been made.

John M. Smith

John M. Smith, Manager



John M. Smith, Manager
. . . Cooperative's Manager
since December, 1961

Past Managers:

Warner D. Elledge
Feb. 1954 - Dec. 1959

William R. Crownfield
Jan. 1960 - Nov. 1961

MANAGER AND STAFF . . .

The Manager is employed by the Board of Directors to carry out the Board's policies. The staff employed by the manager is responsible for work in their areas of operation.



John M. Smith
Manager



Virginia R. Jones
Office Manager



James E. Smith
Plant Manager



Roger Holyfield
Engineer



Commercial and Office Clerks

L. to R. - Patsy A. Bruner, Fay D. Hudson, Pamela Winebarger,
Nancy H. Gardner, Iva Jean B. White, Reba H. Gordon



Outside Plant

L. to R. - Edwin R. Wishon, Michael Stanley, L. B. Murray, Jr.,
Don Burch, Daniel F. Brinkley, Tommy Cave, Roy Walker, Kelly
Kidd, Robert W. Cook, Robert Smith, Donald H. Couch, Jack
Nunn, Max Butcher, Ronald Shropshire

STATISTICS OF OPERATION

	1959	1964	1969	
Income				What We Took In
Local Service Revenue	66,131	154,404	278,591	
Toll Service Revenue	17,985	43,270	105,361	
Miscellaneous Revenue	321	2,516	(522)	
Total Income	84,437	200,190	383,430	
Operating Expense	48,793	80,474	140,020	What We Paid Out
Taxes	950	1,894	3,580	
Depreciation	30,276	73,730	133,944	
Other Income or Deductions	(21)	1,279	9,987	
Interest on Long-Term Debt	16,531	34,640	69,748	
Other Fixed Charges	30	138	310	
Operating Margins	(12,164)	10,593	45,815	What We Had Left
Non-Operating Margins	-0-	1,606	9,987	
Members Equity	-0-	8,987	35,828	

BALANCE SHEET

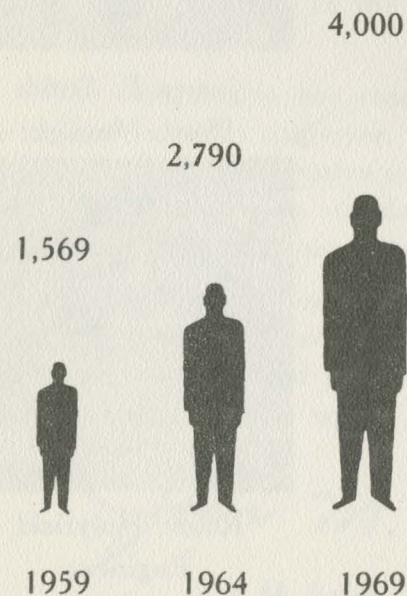
WHAT WE OWN	1959	1964	1969
Value of Outside Plant (Less Reserve for Depreciation)	\$776,690	\$1,849,778	\$3,532,269
Cash and Investments	34,110	135,451	343,177
Telephone Bills Due	7,393	21,105	42,262
Other Accounts Receivable	30	2,473	8,654
Materials and Supplies	4,846	5,973	34,864
Prepayments	27,478	14,118	45,159
Other Assets and Debits	3,879	5	-0-
	<u>\$854,426</u>	<u>\$2,028,903</u>	<u>\$4,006,385</u>
WHAT WE OWE			
Long-Term Debt - REA	\$831,505	\$1,962,732	\$3,725,076
Current Accounts Payable	10,256	26,232	79,164
Other Liabilities	6,880	17,881	35,103
Memberships and Capital Certificates	54,472	31,920	41,660
Deferred Credits and Operating Reserves	-0-	3,811	9,493
Patronage Capital and Margins	(48,687)	(13,673)	115,889
	<u>\$854,426</u>	<u>\$2,028,903</u>	<u>\$4,006,385</u>

OUTSIDE PLANT

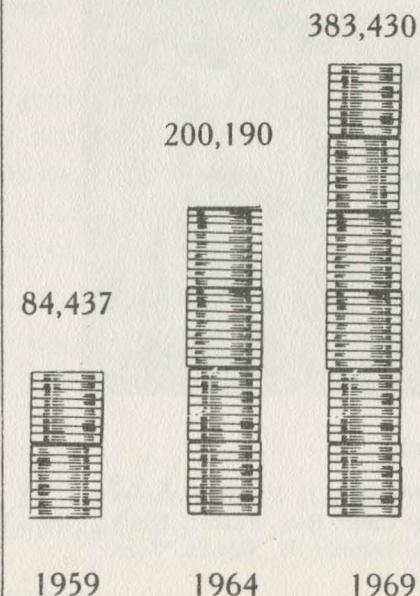
	Land			Buildings			Central Office Equipment		
	1959	1964	1969	1959	1964	1969	1959	1964	1969
Beulah	259	417	417	4,997	10,992	10,721	17,544	74,675	97,203
Level Cross	604	604	604	5,752	13,845	13,552	37,600	86,728	304,278
Westfield	532	532	694	6,967	14,157	15,786	24,980	91,076	178,199
Zephyr	206	206	206	4,344	11,062	11,062	16,684	47,204	131,773
Shoals	-0-	-0-	814	-0-	-0-	23,358	-0-	-0-	81,058
Red Brush	-0-	-0-	1,078	-0-	-0-	-0-	-0-	-0-	-0-
Headquarters	1,102	4,677	4,677	-0-	54,355	81,896	-0-	-0-	-0-
	<u>2,703</u>	<u>6,436</u>	<u>8,490</u>	<u>22,060</u>	<u>104,411</u>	<u>156,375</u>	<u>96,808</u>	<u>299,683</u>	<u>792,511</u>

Furniture, Vehicle and Work Equipment	Poles, Wire, Cable and Station Equipment				
1959	1964	1969	1959	1964	1969
15,380	54,057	117,709	Station Equipment	105,309	205,279
			Poles	244,484	369,190
			Aerial Wire	107,169	235,868
			Aerial Cable	277,953	738,924
			Buried and Underground Cable	-0-	144
				<u>734,915</u>	<u>1,549,405</u>
					<u>2,778,337</u>

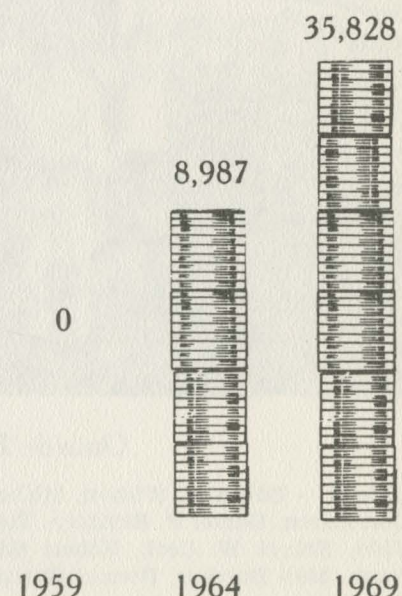
MEMBERS SERVED



REVENUE



MEMBERS EQUITY



HIGHLIGHTS THROUGH THE YEARS . . .

The first meeting of the Board of Directors held on February 6, 1951 was the result of interested rural people's untiring efforts to secure telephone service for themselves. The following officers were elected:

President W. H. Hardy
Vice-President Glenn Payne
Secretary R. E. Snow
Treasurer C. D. Smith

The following business was transacted:

1. Adoption of By-Laws
2. Adoption of Application for Membership Form
3. Adoption of Corporate Seal
4. Purchase of Corporate Record Books
5. Opening of Bank Account
6. Filing of petition with North Carolina Rural Electrification Authority for a \$595,000 loan from Rural Electrification Administration, Washington, D. C.
7. Setting up residential and business multi-party rate
8. Elected Allen and Henderson, Attorneys of Elkin, N. C. as Corporate Attorneys
9. Set time and place for holding regular Board Meeting.

Charter of Incorporation was granted to Surry Telephone Membership Corporation by the State of North Carolina in 1951 and your Cooperative was in operation when it cut the Level Cross Exchange into service with 192 members in November, 1954.

Westfield, Beulah and Zephyr Exchanges were cut into service in 1957, bringing the total number of subscribers receiving service to 1,100. The rates for local service at this period was \$3.25 for 8-party service. There were toll charges on all calls outside of the members own Exchange. Six employees, with 2 service trucks made up the operations force and equipment at this time. The business office was first located within the Surry-Yadkin Electric Membership Corporation's office building, and later in a one-room rented building in Dobson. The service at this period was very limited, but it was the beginning and the rural people of Surry, and the southern section of Stokes County had established a telephone system for themselves.

A new headquarters building constructed on Highway 601, Dobson, North Carolina, was completed at a cost of \$53,438 and was occupied in November, 1961. This building provided adequate facilities for the business office and a warehouse for materials.

Direct Distance Dialing was established for the Beulah, Level Cross and Westfield Exchanges November 16, 1959; Zephyr Exchange in June, 1962. This enabled the Cooperative's members to dial their station-to-station toll calls.

A base rate area of one and one-half miles was established in August, 1962. This was a giant step in offering graded service to the members at a more reasonable rate. Prior to this date, members desiring one, two, and four-party service paid a mileage charge from the Central Office located in their Exchange of 64 cents (one party), 32 cents (two party) and 16 cents (four party) for each one-fourth mile.

Extended Area Service was established in July, 1963. This enabled our Beulah, Level Cross and Westfield subscribers to call into each of these Exchanges without a toll charge; also, to have access to Central's Mount Airy, Pilot Mountain and Dobson Exchanges - free toll. EAS was welcomed by the housewife and businessman alike. The Cooperative had really extended its services to its members in a monetary way. It had brought the rural communities and towns together as close as the telephone!

Equity was approved for refund in April, 1962. When the telephone Cooperative was first organized, up to August 26, 1959, all members were required to pay a \$10 membership fee, and \$22 equity. The equity fund was a requirement of the Rural Electrification Administration to be met in the organization and initial operation period. REA now approved of refunding to the members the equity paid. This amounted to \$76,000.

New terminal per station central office equipment was installed in January, 1964, replacing the original, now obsolete central office equipment. This provided additional facilities which were drastically needed at this time, and of course, greatly improved service to its members. The terminal per station equipment also provided the members with the convenience of keeping their telephone number even though they moved within the telephone exchange area.

Reduction of mileage charges was made effective in March, 1964 to 25 cents (one party) and 15 cents (two party) for each one-fourth mile outside the one and one-half mile base rate area, with a maximum of \$5 and \$3.

A design to convert the Cooperative's entire system to a 1, 2 and 4-party system was prepared in March, 1964.

Addition to the headquarters building was completed in January, 1965 at a cost of \$24,671. This provided additional space for the plant department, space for a newly organized engineering department, and additional warehouse space.

The base rate area was extended one additional mile in April, 1966. This established a two and one-half mile base rate area and made available to more members at a lower cost one and two-party graded service.

The system's 8-party multi-service was a thing of the past as the one-two-four-party conversion was completed in November, 1966. At this point the Cooperative, with its 3,564 telephones in service, took a glance backward at the path it had travelled from the original 8-party service and very limited local service it now was receiving and with free access to more than 16,000 telephones at rates that were very reasonable.

Shoals Exchange was designed in May, 1967, and a loan from REA in the amount of \$950,000 was approved. This money would provide for the construction of the all one-party Shoals Exchange and also convert the Level Cross Exchange to a one-party Exchange.

Extension station rates were reduced from \$1 (residence) and \$1.50 (business) to 50 and 75 cents in May, 1967.

Extended Area Service was established for the Zephyr Exchange to Central's Dobson Exchange in November, 1967, with only a slight increase in the Zephyr local service rates. To many members it was a reduction in cost as their calls into the adjacent Dobson area were now toll-free.

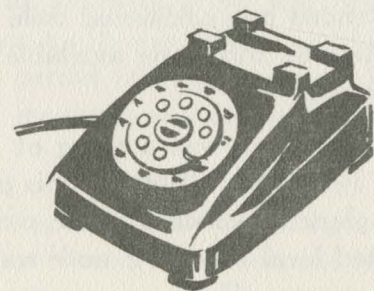
Shoals Exchange Building Contract was let in February, 1968 at a cost of \$21,236.

REA Loan, \$1,500,000 was approved in August, 1968 to provide funds for converting the Beulah, Westfield and Zephyr Exchanges to 1-party and for additional EAS facilities.

Shoals Exchange was cut into service in January, 1969 with 326 members. This was the first Exchange in the Cooperative's telephone system to go all one-party.

The Level Cross Exchange conversion to a one-party Exchange was completed in November, 1969. This brought the total members within the Cooperative's system receiving one-party service to 53 per cent.

The last quarter of 1969 found the Board of Directors and Management in a hustle to get outside plant contracts for Westfield, Beulah and Zephyr Exchanges for one-party conversion; construction of new Red Brush Exchange; addition to the Zephyr Exchange Central Office Building; work equipment, and central office equipment. The goal of the Cooperative has been, and continues to be **to provide dependable, modern telephone service to the rural people of our service area at a reasonable cost.** Rates have increased very little in the 15-year operation period. This increase has been more than off-set by elimination of mileage charges for graded service, and extension of extended area service.



PATRON'S CAPITAL CREDITS

<u>Year</u>	<u>Assigned</u>
1960	1,473.40
1961	5,356.66
1962	6,419.98
1963	10,476.77
1964	10,601.86
1965	12,739.39
1966	13,229.49
1967	11,987.60
1968	17,092.18
1969	35,827.92

LONG-TERM FINANCIAL OBLIGATION

Long-Term Debt:

Borrowed	\$5,199,000
Principal Paid	395,163
Amount We Owe	\$4,803,837

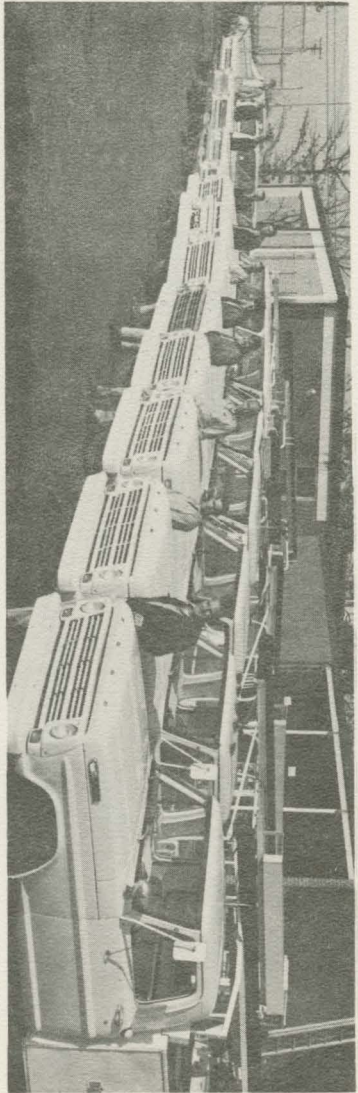
As of December 31, 1969 we paid \$462,973 interest on the amount borrowed; advance payment on REA Loans in the amount of \$46,524.

Principal and interest payments in 1970 are estimated at \$158,071 as compared to the preceding year of \$139,900.

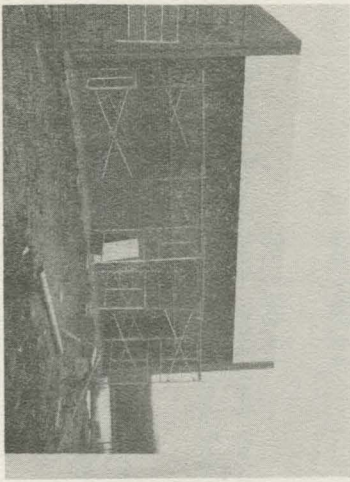
Surry Telephone Membership Corporation continues its construction program to keep pace with the overall development of the service area and to assure efficient communication service to meet future requirements.

PROPERTIES

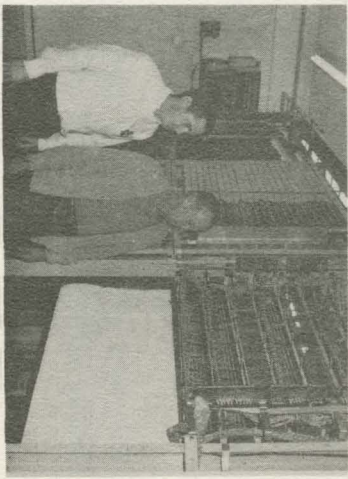
As the Cooperative has grown, so has the need for additional station equipment; pole, wire, and cable lines; central office equipment, and buildings. Most of the Corporation's \$4,000,000 assets are in the plant accounts. Shown below are a few of these assets showing the capital investment.



Fleet of Service Trucks and Vehicles
Cost \$40,570



The sixth central office building, Red Brush Exchange, now under construction at a cost of \$40,936.



Roger Holyfield, Engineer and James E. Smith, Plant Manager, look over schematic of Central Office Equipment at the Level Cross Exchange. . . Equipment Cost \$304,278

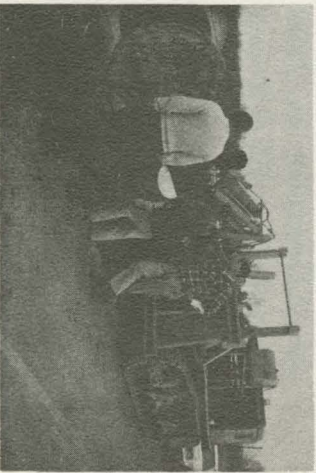


Your system's 5,928 poles in place average an installed cost of \$34 each.

This equipment, purchased in December, 1969 cost \$14,000.

It will be put to major use as we install approximately 388 miles of buried cable in the Westfield, Beulah, Red Brush and Zephyr Exchanges through our Force Account Construction.

Cost of one mile of 25 pr. - 22 ga. cable in the Level Cross Exchange - \$1,891.



Buried Plant Equipment

SERVICE AND COST TO MEMBERS

Exchanges	1959					1964					1969			
	1 pty	2 pty	4 pty	8 pty	Total	1 pty	2 pty	4 pty	8 pty	Total	1 pty	2 pty	4 pty	Total
Beulah	1	8	2	239	250	16	52	180	255	503	192	68	489	749
Level Cross	0	8	12	547	567	55	63	452	415	985	1049	0	4	1053
Shoals	0	0	0	0	0	0	0	0	0	0	361	0	0	361
Westfield	9	12	11	428	460	75	73	190	516	854	324	128	718	1170
Zephyr	2	4	0	248	254	33	33	169	202	437	206	66	392	664
Rates														
Residence	4.25	3.75	3.25	3.25		5.50	5.00	4.50			6.50	5.50	5.00	
Business	5.50	4.75	4.25	4.25		8.25	7.50	7.00			9.50	8.50	7.50	
Mileage	.63	.32	.16	-0-		.25	.15	-0-			-0-	-0-	-0-	
(Per 1/4 mile from Central Office Building)														

Toll

All toll calls went through toll operator until November 16, 1959 when Direct Distance Dialing was established.

Direct Distance Dialing - All station-to-station toll calls could be dialed.

DDD

Extended Area Service

None - All calls outside of own Exchange were toll calls.

Beulah, Level Cross, Westfield to Mount Airy, Pilot Mountain, and Dobson (free toll)

Zephyr was added to EAS

Example

A Beulah subscriber had access to only 250 telephones without toll charges. A private line four miles from the Central Office cost \$14.33.

A Beulah subscriber had access to more than 10,000 telephones without toll charges. A private line four miles from the Central Office cost \$8.00.

A Beulah subscriber had access to more than 16,000 telephones without toll charges. A private line four miles from the Central Office cost \$6.50.

SERVICE AND COST TO MEMBERS



Mr. and Mrs. D. C. Brintle
Lowgap, North Carolina

The telephone means security for these senior citizens.



Westfield Volunteer Fire
Department

Modern business of today depends on the telephone.



Mr. H. Davis Lawrence
Rt. 1, Dobson, North Carolina

The outside telephone extension saves many steps.



Mrs. Davis Haynes
Rt. 2, Dobson, North Carolina

Busy housewives find the extension telephones most convenient.



Mrs. R.E. Snow, Standing;
Mrs. J.H. Calloway, Mother
Rt. 1, Elkin, North Carolina



Personnel of Caroline Farms
Dobson, North Carolina



Mr. and Mrs. Garland Chilton
and son, Mitchell
Rt. 3, Mount Airy, N. C.



Mrs. Edwin Atkinson
Ann and Graham
Siloam, North Carolina

MEMBERS RESPONSIBILITY

To help your Cooperative give better service at the lowest possible cost:

Pay your telephone bill promptly each month

You may pay your bill by mail or at the Cooperative business office. All payments should be by check or Postal Money Orders. Make all checks payable to Surry Telephone Membership Corporation. We cannot be responsible for cash sent by mail and we discourage this practice. Bills for telephone service are due upon receipt.

The subscribers who have unpaid bills with a previous month's balance as of the 16th of the month will receive a delinquent notice. If not paid within five days after issuance of the delinquent notice, the service may be discontinued without further notice. Prompt payment of your bill would eliminate the cost of preparing and mailing second notices, labor and vehicle cost for temporary disconnects. Reduction in this operation cost would result in a savings for your Cooperative and a direct benefit to the member through increased patronage capital credits.

Reporting trouble

Should you have trouble with your telephone service, we ask that you report it directly to the Surry Telephone Membership Corporation's Repair Service during office hours. During other hours, weekends and holidays, follow your directory for reporting troubles. Our service trucks are equipped with two-way radios and we are in constant contact with them. To help your repair service help you, report your trouble promptly.

Annual Meeting attendance

Successful cooperative annual meetings are designed to achieve at least five basic goals. These are:

1. A full understanding by members of ultimate Cooperative objectives
2. An accounting of the past year's progress toward them
3. An analysis of the present Cooperative position
4. An explanation of future plans
5. The election of well-qualified directors



"an equal vote"

Members learn how their Cooperative has progressed, its present status, and are called on to help determine its future direction.

Your Annual Meeting is a true example of American free enterprise in action. Just as originally conceived, each subscriber has an equal vote in the Cooperative's operation, regardless of the amount of patronage. As a member, it is both your privilege and your obligation to attend and participate.

STATEMENT OF OBJECTIVES

WITH MEMBER-OWNERS:

1. To maintain the Company on a non-profit, continuing and progressive basis in accordance with its Articles of Incorporation, By-Laws, other legal and contractual requirements.
2. To provide the best possible telephone service to all who desire it within the system's service area at the lowest price consistent with the highest standards of service. This includes the establishment of an adequate financial structure, sufficient funds available to cover all costs of service, retirement of the outstanding debt obligations, provisions for future expansion and equitable remuneration to the employees.
3. To acquaint the subscribers with uses of communications which will improve their standard of living.
4. To utilize the lowest possible rates for all services rendered.
5. To strive constantly for ever higher standards of service through progressive management, utilization of new equipment and techniques, and improved methods of operation.
6. To enhance the Company's reputation for fair dealing, prompt and efficient service, dependability, integrity, courtesy, productive ability, and technical competence.
7. To keep the member-owners adequately informed about the manner of operation, plans, progress, and problems of their telephone company and to strive to obtain their understanding, acceptance and support, and to demonstrate that the business is locally owned and operated.

WITH EMPLOYEES:

1. To establish the view that our greatest assets are our human assets and that these must be developed and improved as a matter of moral obligation as well as material advantage.
2. To reward, encourage progress, inform, train, develop and properly assign all employees in order to attract and keep in its service those who seek a career with the Company, so that their lives and work will be given meaning, dignity, satisfaction, and purpose both on and off the job.
3. To obtain acceptance of the ideas of the social and economic obligation involved in doing a job well.

WITH PUBLIC:

1. To develop understanding, acceptance, and support of the system's objectives, plans and programs.
2. To foster and develop the acceptance of the system as a good citizen and as a respected member of the business community.
3. To provide leadership and cooperate with other community and civic groups in furthering programs of mutual interests which will benefit the system's service area.

It shall be the aim of
SURRY TELEPHONE MEMBERSHIP CORPORATION to provide dependable
area-wide telephone service on the cooperative plan and at the lowest cost con-
sistent with sound economy and good management.

BY-LAWS OF Surry Telephone Membership Corporation

ARTICLE I

MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of Surry Telephone Membership Corporation (hereinafter called the Cooperative) by:

- (a) Making a written application for membership therein;
- (b) agreeing to purchase from the Cooperative telephone service as hereinafter specified;
- (c) agreeing to comply with and be bound by the certificate of incorporation and bylaws of the Cooperative and any rules and regulations adopted by the Board of Directors (hereinafter called the "Board"), and
- (d) agreeing to pay the membership fee hereinafter specified on uniform terms and conditions established by the Board;

and provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board or the members. No person, firm, association, corporation or body politic or subdivision thereof may hold more than one membership in the Cooperative, and no membership shall be transferable, except as provided in these bylaws.

Beginning six months after the date of incorporation, all applications received more than thirty days prior to each meeting of the members which have not been accepted or which have been rejected by the Board shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements hereinabove set forth, any such application may be accepted by vote of the members. The Secretary shall give each such applicant at least ten days' written notice of the date of the members' meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board. Such certificate shall be signed by the President and by the Secretary and the Corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid. In case a certificate is lost, destroyed or mutilated, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative 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 holder 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 have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting.
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A Proxy executed by either or both shall constitute one joint proxy;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice to either shall constitute notice to both;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) Either but not both may be elected or appointed an officer or director provided 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 certificate of incorporation, bylaws, and any rules and regulations adopted by the Board. The outstanding membership certificate shall be surrendered, and shall be reissued by the Cooperative in such 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. Membership and Service Connection Fees. The membership fee shall be ten dollars and upon payment of membership fee a member is entitled to one or more service connections upon the payment of additional service connection fees as fixed by the tariff of the Cooperative.

SECTION 6. Purchase of Telephone Service. Each member shall, as soon as telephone service is available, take telephone service from the Cooperative to be used on the premises specified in his application for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for telephone service in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount per month for telephone service as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 7. Termination of Membership. (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than a majority of all the directors, expel any member who fails to comply with any of the provisions of the certificate of incorporation, bylaws, or any rules or regulations adopted by the Board, but only if such member shall have been given written notice by the Secretary that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who has not permitted the installation of service within thirty (30) days after he has been notified service is available to him, or of a member who has ceased to purchase telephone 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 surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

(c) Upon termination of membership for any reason a membership fee may be refunded, but prior to the repayment of a membership fee paid by the member, the Cooperative shall deduct from the amount of such membership fee the amount of any debts owing from the member to the Cooperative.

ARTICLE II

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

- (a) all debts and liabilities of the Cooperative shall have been paid and
- (b) all capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed in accordance with the applicable provisions of law.

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

MEETING OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held on the third Saturday in March of each year, beginning with the year 1952, at such place in the County of Surry, State of North Carolina, as shall be designated in the notice of the meeting, for the purpose of electing directors, 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. If the day fixed for the annual meeting shall fall on a Sunday or legal holiday, such meeting shall be held on the next succeeding business day. 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 may be called by resolution of the Board, or upon a written request signed by any three directors, by the President, or by not less than 200 members or ten per centum 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 may be held at any place within the County of Surry, State of North Carolina, specified in the notice of the special meetings.

SECTION 3. Notice of Members' Meetings. Written 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 twenty 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. That fifty members or two per centum of the members present in person, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of these 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, and those represented by proxy.

SECTION 5. Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon in person or by proxy except as otherwise provided by law, the certificate of incorporation or these bylaws.

SECTION 6. Proxies. 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 proxy shall be valid after sixty days from the date of its execution. No proxy shall be valid unless it shall designate the particular meeting at which it is to be voted and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. A member may give his proxy only to another member or to an adult relative living in the same home with such member, and no person may hold more than five proxies at any meeting, except in connection with an amendment of the certificate of incorporation or the 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 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 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:

1. Report on the number of members present in person in order to determine the existence of a quorum, and which members are represented by proxy.
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, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV DIRECTORS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine directors which shall exercise all of the powers of the Cooperative except such as are by law, the certificate of incorporation or these bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Directors shall be so nominated and elected by and from the members that, beginning with the annual meeting of the members of 1961, two directors shall serve a term of one year, three directors shall serve a term of two years, and two directors shall serve a term of three years. Beginning with the next succeeding annual meeting of the members, and at each such meeting thereafter, the same number of directors that corresponds to the number whose terms are expiring shall be elected to serve a term of three consecutive years. PROVIDED, that a year as used in this section shall mean the period beginning with one annual meeting of the members and ending at the next, and PROVIDED FURTHER, that, notwithstanding the terms for which they are elected and qualified. Directors shall be elected by secret ballot where there are more nominations than vacancies. Directors shall be elected by a plurality vote of the members representing a quorum.

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

- (a) is not a member and is not presently residing in the area served or to be served by the Cooperative; or
- (b) is in any way employed by or financially interested in a 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 director is holding office in violation of any of the foregoing provisions, the Board shall remove such director 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 forty (40) nor more than seventy (70) 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 which shall include at least one candidate for each director to be elected. 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 and addresses of the candidates, specifying separately the nominations made by the committee and the nominations made by petition, if any. The ballot to be used at the election shall list the names of the candidates nominated by the committee and the names of the candidates nominated by petition, if any. The chairman shall call for additional nominations from the floor and nominations shall not be closed until at least one minute has passed during which no additional nomination has been made. No member may nominate more than one candidate.

SECTION 5. Removal of Directors by Members. Any member may bring charges against a director and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum of the members, or two hundred members, whichever is the lesser, may request the removal of such director by reason thereof. Such director shall be informed in writing of the charges at least ten 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 of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such director 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 provisions of these by-laws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term, provided, however, that in the event the vacancy is not filled by the Board within sixty (60) 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 of nominations.

SECTION 7. Compensation. Directors shall not receive any salary for their services as directors, except by resolution of the Board. Directors may be paid for attending any meetings of the Cooperative not to exceed thirty dollars (\$30.00) and expenses of attendance, if any.

ARTICLE V MEETINGS OF DIRECTORS

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 in Surry County, North Carolina, or in any other county in which the Cooperative operates, as the Board may provide by resolution. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. Special Meeting. Special meetings of the Board of Directors may be called by the President or by any three directors, 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 the directors calling the meeting shall fix the time and place (which shall be in Surry County, North Carolina, or in any other county in which the Cooperative operates), for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings. Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each director not less than five days previous thereto 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 the directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the director at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board shall constitute a quorum provided, that if less than such majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting. The act of a majority of the directors in office shall be the act of the Board.

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 offices of Secretary and of 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 conveniently may be. 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. Except as otherwise provided in these bylaws, the 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 Directors. Any officer or agent elected or appointed by the Board may be removed by the Board whenever in its judgment the best

receivable from the furnishing of telephone service in excess of operating costs and expenses properly chargeable against the furnishing of telephone service. 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 patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each 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 a 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 the fiscal year notify each patron of the amount of capital so credited to his 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, 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 patrons on a patronage basis and any amount so allocated shall be included as a 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. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirement 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, provided, however, that beginning with the year 1964, cash made available for retirement in any year may be used to retire capital furnished by all patrons during the most recent fiscal year subject to the requirement that at least fifty per centum (50%) of such cash shall be applied to the retirement of the oldest outstanding capital credits as hereinabove provided.

Capital credited to the account of each patron shall be assignable only on the books of the Cooperative, pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or 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 provision of these bylaws, the Board, at its discretion, shall have the power at any time upon the death of any patron, if the legal representatives of his 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.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms

and provisions of the certificate 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 certificate 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 VIII DISPOSITION OF PROPERTY

The Cooperative shall not sell, mortgage, lease or otherwise encumber or dispose of any of its property (other than merchandise and property which lie within the limits of an incorporated city or town, or which shall represent not in excess of ten per cent (10%) of the total value of the Cooperative's assets, or which in the judgment of the board of directors are not necessary or useful in operating the Cooperative) unless authorized so to do by the votes of at least a majority of its total membership and by the consent of the holders of seventy-five per centum (75%) in amount of the Cooperative's outstanding bonds, except that the members of the Cooperative may, by the affirmative majority of the votes cast in person or by proxy at any meeting of the members, delegate to the board of directors the power and authority (1) to borrow monies from any source and in such amounts as the board may from time to time determine and (2) to mortgage or otherwise pledge or encumber any or all of the Cooperative's property or assets as security therefor.

ARTICLE IX 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 (Name of the State)."

ARTICLE X FINANCIAL TRANSACTIONS

SECTION 1. Contracts. Except as otherwise provided in these bylaws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

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 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

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 per centum of the members, or two hundred 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 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 of the charges; and the person or persons bringing the charges against him shall have the same opportunity. In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

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, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and 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 expressly 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) 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:

- (a) keep the minutes of the meetings of the members and of the Board in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these bylaws or as required by laws,
- (c) be custodian of the corporate records and of the seal of the Cooperative and affix 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 bylaws;
- (d) keep a register of the names and post office addresses of all members
- (e) sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board or the members;
- (f) have general charge of the books of the Cooperative;
- (g) keep on file at all times a complete copy of the certificate of incorporation and by-

- laws 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, forward a copy of the bylaws and of all amendments thereto to each member; and
- (h) in general perform 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:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) be responsible for 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 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 by the Board.

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 give bond 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 give bond in such amount and with such surety as it shall determine.

SECTION 10. 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 directors and close relatives of directors.

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 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 Service. In the furnishing of telephone service the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and

Rural Electrification Administration of the United States of America not less than ninety days prior to the date upon which any proposed change in the monthly rates charged by the Co-operative for telephone service become 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 of December of the same year.

ARTICLE XI MISCELLANEOUS

SECTION 1. **Membership in Other Organizations.** The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchases, provided, however, that the Cooperative may upon the authorization of the Board, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of area-wide rural telephone service, or with the approval of the Administrator of Rural Electrification Administration, or any other corporation for the purpose of acquiring telephone facilities or assuring more adequate telephone service to its members.

SECTION 2. **Waiver of Notice.** Any member or director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or director at any meeting shall constitute a waiver of notice of such meeting by such member or director, except in case a member or director 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 3. **Rules and Regulations.** The Board shall have power to make and adopt such rules and regulations, not inconsistent with law, the certificate of incorporation or these bylaws, as it may deem advisable for the management of the business and affairs of the Co-operative.

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 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 Rural Electrification Administration of the United States of America. The Board shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following annual meeting.

ARTICLE XII AMENDMENTS

These bylaws may be altered, amended or repealed by the affirmative vote of not less than a majority of the members of the Board at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

SURRY TELEPHONE MEMBERSHIP CORPORATION

Dobson, North Carolina 27017

"Owned by those it serves"

Office Hours:
8:00 A. M. to 5:00 P. M.
Monday through Friday

Telephone
386-8871
Area Code 919



"Owned by those it serves" has been a slogan for the rural Cooperatives in this area, and it is really a fact that Surry Telephone Membership Corporation belongs to you and your neighbors. Its a growing community service of which you can be proud. Your continued support will keep your Cooperative growing.

SUPPORT it by:

1. Taking part in the annual meeting.
2. Supporting the best candidates for the Co-op board.
3. Paying bills promptly.
4. Suggesting new and improved ways our Cooperative can serve all of us.
5. Reporting trouble on the line immediately if and when it occurs.
6. Telling others about our Cooperative and how we own it.