

**ELEVENTH AMENDMENT AND RESTATEMENT OF THE  
BYLAWS OF PEGASYS, INC.,  
ORIGINALLY ADOPTED ON THE 19<sup>TH</sup> DAY OF NOVEMBER, 1985**

**ARTICLE I  
NAME**

- 1.01** The name of this corporation shall be PEGASYS, INC., which is an acronym standing for Public, Educational, Governmental Access System, Inc.

**ARTICLE II  
PURPOSE**

- 2.01** The purpose for which the corporation is organized is as stated in its Articles of Incorporation, as amended, to operate exclusively for charitable, educational, and scientific purposes within the meaning of SS501 (c) (3) of the Internal Revenue Code of 1954 (or the corresponding provision of any future United States Internal Revenue law):
- A. To support Enid individuals, organizations and institutions in their effort(s) to provide, produce, and disseminate non-commercial, educational, cultural, and public interest programming on the public, educational, and governmental access channels of the Enid cable television system(s).
  - B. To educate individuals and non-profit organizations with access to various media tools and techniques.
  - C. To provide individuals and non-profit organizations with access to various media tools and assistance in their use.
  - D. To promote and support the use of various media as vehicles of artistic and humanistic expression.
  - E. To sponsor and conduct festivals, competitions, and awards for the purpose of promoting and supporting artistic and technical excellence in the use of media.
  - F. To provide facilities, equipment, and services to Enid individuals, organizations, and institutions for the purpose of their involvement in producing and disseminating non-commercial educational, cultural, and public interest programming on the public, educational, and governmental access channels of the Enid Cable Television System(s).
  - G. To promote and develop non-commercial programming for optimal utilization by the Enid community on the local public, educational, and governmental access channels of the Enid Cable Television System(s).
  - H. To request and receive contributions, grants, donations, and loans from individuals, organizations, public and private corporations, governmental agencies, and others to support activities in the furtherance of the purposes of the corporation set forth in these Bylaws.
  - I. To determine and conduct or support any other lawful activities in the furtherance of the foregoing educational, scientific, and charitable purposes which may be permitted under SS501(c)(3) of the Internal Revenue Code of 1954, as amended or corresponding section of future federal tax code, and which, in addition to being so permitted, are also permitted under 18 Okla. Stat. SS541-594 (1991) or other appropriate and any future Oklahoma tax law.
- 2.02** For the fulfillment of these purposes, the corporation may receive and administer for educational, scientific, and charitable purposes, and to that end, take and hold by bequest, devise, gift, purchase, or lease any property, real, personal, intangible, or mixed, without limitation as to the amount or value, except such limitations, if any, as may be imposed by law, to borrow money and to pledge the assets of the corporation for repayment thereof; to sell, convey, and dispose of any such property and to invest and reinvest the principal and income thereof; to deal with and expend the principal and income of the corporation for its stated purpose within the limitation imposed by SS501(c)(3) of the Internal Revenue Code of 1954; and to do each and everything necessary, suitable, or proper for the accomplishment of its stated purpose which shall appear conducive to or expedient for the protection or benefit of this corporation.

**ARTICLE III  
MEMBERS**

- 3.01** **Organization structure:**
- A. PEGASYS, Inc. is composed of the membership, Board of Directors, employees and any committees necessary for the fulfillment of PEGASYS, Inc.'s purposes.
  - B. **Membership.**
    - 1. Generally, the only qualifications for membership in the organization are:
      - a. A bona fide interest in the non-commercial use of the video medium;

- b. Substantial agreement with the objectives of the organization as set out in the Articles of Incorporation, as amended;
  - c. Payment of dues as established in these Bylaws.
  - d. A minimum age requirement of 12 years of age. Parental signature required by all minors between the ages of 12 & 18 for membership and on equipment checkout forms.
2. Any person meeting these requirements is eligible for membership in PEGASYS, Inc., and no other qualifications may be imposed for the purpose of excluding any individual for membership.
  3. Each member of PEGASYS, Inc., is entitled to vote on all motions, resolutions, and other appropriate matters that come before the membership at their annual meeting or any meeting called by the Board of Directors for that purpose.
- C. **Terms of Membership.** Membership shall be one year from the date dues are paid.
- D. **Classes of Membership.**
1. **Individual members** – available to any person at an annual membership fee of \$35 if they are a cable subscriber, \$40 if they are not a cable subscriber.
  2. **Senior citizens** (65 years and older) – Available at an annual membership fee of \$15 if they are a cable subscriber, \$20 if they are not a cable subscriber.
  3. **Full time students** (elementary, secondary, high school, vocational, technical school, college, or university) – Available at an annual membership fee of \$15 if they are a cable subscriber, \$20 if they are not a cable subscriber.
  4. **Families** (up to 4 people in the same household) - Available at an annual membership fee of \$70 if they are a cable subscriber, \$75 if they are not a cable subscriber.
  5. **Import producers** – Available at an annual membership fee of \$75. (Good for those producers who do not utilize the facilities, but rather send in their program for a local sponsor to format.)
  6. **Organizational members** – Available at an annual membership fee based on their non-profit status and their annual operating budget as follows:
 

<u>Operating Budget</u>	<u>NON-PROFIT FEE</u>	<u>FOR-PROFIT FEE</u>
\$0 - \$50,000	\$100	\$125
\$50,000 - \$100,000	\$125	\$150
\$100,000 - \$500,000	\$150	\$175
\$500,000 +	\$175	\$200

Each individual representative of the organization must also pay an annual membership fee of \$25 or \$15 for seniors and students.
- E. **Termination or Suspension of Membership.** Membership in PEGASYS, Inc., may be suspended or terminated by an affirmative vote of two-thirds (2/3rds) of the Board of Directors in a regular or special meeting, provided that at least ten (10) days prior to such meeting, the member whose membership suspension or termination has been proposed has been notified in writing, delivered either personally or by mail, of the date, time and place of such meeting, and the just cause and/or reason(s) for the proposed suspension or termination. The notification shall be signed by the Secretary of the Board of Directors and it shall state that the member whose membership suspension or termination has been proposed may appear at the meeting to offer explanation and/or evidence why his/her membership should not be suspended or terminated. If mailed, the notice shall be deemed delivered when deposited in the United States mail addressed to the member at his/her address as it appears on the records of PEGASYS, Inc., with postage thereon prepaid. In the event the membership is terminated, any unused portion of membership dues shall be refunded within (30) days prorated from the date of termination.
- F. **Reinstatement.** Upon written request of a former member whose membership has terminated by an action of the Board of Directors of the corporation, filed with the Secretary of the Board, the Board of Directors may reinstate such former member to membership upon an affirmative vote of two-thirds (2/3rds) of the Board of Directors and upon payment of the membership fee, for whichever class applies, set by action of the Board of Directors of the corporation.

## ARTICLE IV BOARD OF DIRECTORS

- 4.01 General Powers.** The affairs of PEGASYS, Inc., shall be directed and controlled by its Board of Directors, and except as herein provided in these Bylaws, all voting rights shall be vested solely in the Directors of the corporation. Each Director shall have one (1) vote. The Board of Directors may direct questions, resolutions and motions to be submitted to the general membership at any of their annual meetings or any meeting called by the Board of Directors especially for that purpose.
- 4.02 Number of Directors.** The number of Directors shall be fourteen (14).

- 4.03 Director Election and Tenure.** The Board of Directors shall consist of fourteen (14) members who shall be elected or appointed by the following groups and shall serve for a set term.
- A. One Director shall be a member of the Enid City Commission. Such Director shall be appointed by the Mayor and confirmed by a majority of the members of the Board of Commissioners of the City of Enid and shall hold such Director position solely during the term of their municipal office.
  - B. One Director shall be appointed by the Enid Public School Board. Such Director shall serve for a three-year period.
  - C. One Director shall be appointed by the cable franchiser of the City of Enid. Such Director's term shall be for three years.
  - D. One Director shall be appointed by the Board of Directors of the Chamber of Commerce. The term for such Director shall be for three years.
  - E. One Director shall be elected from PEGASYS, Inc.'s membership at an election to be held at a time designated by the Board of Directors. The Director's term will be for three years.
  - F. Two Directors shall be appointed by the PEGASYS, Inc. Board of Directors to represent minority groups or organizations. The Directors' terms will be for three years and only one Director shall be up for renewal at a time.
  - G. One Director shall be elected by the PEGASYS Inc. Board of Directors from a Non-Profit Organization for a three-year term.
  - H. Two Directors shall be appointed to represent Higher Education / Career Tech (Autry Technology Center, Northern Oklahoma College Enid, and Northwestern Oklahoma State University Enid). Members shall be appointed for three year terms by their respective institutions and shall rotate between the schools so that at least two of the three are represented on the Board at all times
  - I. Four Directors shall be selected from the Public and will be appointed at a time designated by the PEGASYS Inc. Board of Directors. The Directors' terms will be for three years.
  - J. All Directors' terms shall expire on December 31, of the appropriate year unless otherwise stated.
- 4.04 Vacancies.** If any vacancy shall occur in the Board of Directors by reason of violation of Bylaw 5.10, resignation, death, failure to appoint or otherwise, the Board of Directors or appointing group shall appoint or re-appoint a person to fill such vacancy for the un-expired term of the person. Should such appointing or electing entity fail to appoint or elect a person to fill such vacancy within sixty (60) days from the date such vacancy occurs, the Board of Directors may elect a member to fill such vacancy for the unexpired term of the person whom he/she replaces.
- 4.05 Directors shall be Members.** All members of the Board of Directors shall be members of the corporation, and shall be exempt from the membership fee during their term of office. New Board member orientation shall be required during the first two months of holding said position. This requirement may be filled by attending a regularly scheduled Orientation/Production class or by participation in an approved production supervised by PEGASYS staff.
- 4.06 General Powers.** The Board of Directors shall have the following powers and authority subject to the provisions of the applicable laws, Articles of Incorporation, and Bylaws. This power shall include, but not be limited to, the following:
- A. To select, appoint, and remove the Executive Director of the corporation and to prescribe the duties and delegate such powers to the Executive Director of the corporation as may be necessary and required in the transaction of the business of the corporation not inconsistent with these Bylaws.
  - B. To fix the compensation of the employees of the corporation and to provide for bonding where it is appropriate for the faithful performance of duties.
  - C. To approve the expenditures of monies from the funds of the corporation. Said funds shall be deposited in the bank or banks designated by the Board of Directors.
  - D. The Board of Directors shall cause an annual audit to be performed by a competent certified public accountant or auditor to make a detailed examination and audit of the books and accounts of the corporation and to render a report in writing. Such report shall be submitted to the Board of Directors.

## ARTICLE V MEETINGS

- 5.01 Regular Meetings.** The Board of Directors shall schedule, at its discretion, regular meetings and shall file a notice of such meetings with the City Clerk of the City of Enid by December 15 of each successive year.
- A. **Rescheduled Regular Meetings.** Notice of any change of date, time, or place of a scheduled regular meeting requires written notification a minimum of 10 days prior to the scheduled meeting.
- 5.02 Annual Meetings.** The regular meeting scheduled for the month of December shall be known as the annual meeting. The annual meeting shall be held for the purpose of electing Directors, officers, and for the transaction of such business as may

come before the meeting. The Annual Meeting of the Board of Directors shall be the annual meeting of the members of the corporation.

**5.03 Special Meetings.** Special meeting means any meeting other than a regularly scheduled meeting or emergency meeting. Special meetings of the Board of Directors may be called by the Chairperson, the Secretary, or two (2) or more Directors.

**5.04 Emergency Meetings.** Emergency meeting means any meeting called for the purpose of dealing with an emergency. An emergency is defined as a situation involving injury to persons or injury and damage to public or personal property or immediate financial loss when the time requirements for public notice of a special meeting would make such procedure important and increase the likelihood of injury or damage or immediate financial loss.

**5.05 Agenda and Notice.**

**A. Regular and Annual Meetings.**

The Executive Director shall, at least twenty-four (24) hours prior to a regular and annual meeting, display public notice of said meeting, setting forth thereon the date, time, place, and agenda for said meeting. Such twenty-four (24) hours prior public posting shall exclude Saturdays, Sundays, and holidays legally declared by the State of Oklahoma; provided, however the posting of an agenda shall not preclude the Board of Directors from considering at its regularly scheduled meeting any new business. Such public notice shall be posted in prominent public view at the principal office of PEGASYS and on the bulletin board of the City Administration Building. "New Business", as used herein, shall mean any matter not known about or which could not have been reasonably foreseen prior to the time of posting.

**B. Continued or Reconvened Meeting.**

In the event any meeting is to be continued or reconvened, public notice of such action, including date, time, and place of the continued meeting, shall be given by announcement at the original meeting. Only matters appearing on the agenda of the meeting, which is continued, may be discussed at the continued or reconvened meeting.

**C. Special Meetings.**

Special meetings of PEGASYS shall not be held without public notice being given at least forty-eight (48) hours prior to said meetings. Such public notice of date, time, and place shall be given in writing, in person, or by telephone means to the City Clerk of the City of Enid. The Executive Director shall cause written notice of the date, time and place of the meeting to be mailed or delivered to each person, newspaper, wire service, radio station, and television station that has filed a written request for notice of meetings of PEGASYS. Such written notice shall be mailed or delivered at least forty-eight (48) hours prior to the special meeting. PEGASYS may charge a fee of up to Eighteen Dollars (\$18.00) per year to persons or entities filing a written request for notice of meetings and may require such persons or entities to renew the request for notice annually. In addition, the Executive Director shall, at least twenty-four (24) hours prior to such special meetings, display public notice of said meeting. Only matters appearing on the posted agenda may be considered at said special meeting. Such public notice shall be posted in prominent view at the principal office of PEGASYS and on the bulletin board of the City Administration Building. Twenty-four (24) hours prior public posting shall exclude Saturdays, Sundays, and holidays legally declared by the State of Oklahoma.

**D. Emergency Meetings.**

In the event of an emergency, an emergency meeting of PEGASYS may be held without the public notice heretofore required. Should an emergency meeting be necessary, the person calling such a meeting shall ~~be given~~ give as much advanced public notice as is reasonable and possible under the circumstances existing, in person or by telephonic or electronic means.

**E.** The Executive Director will send or deliver a copy of the agenda for any regular or special meeting to the members of the Board of Directors at least forty-eight (48) hours before the meeting, unless this requirement is otherwise amended by the Chairperson.

**5.06 Quorum.** The presence in person of the majority of the Directors then in office will constitute a quorum.

**5.07 Manner of Acting.** The act of a majority of the Directors at a meeting in which a quorum is obtained shall be the act of the Board of Directors, unless the act of a greater number is required by law, by the Articles of Incorporation, or by these Bylaws.

**5.08 Open Meetings.** All meetings of the Board of Directors shall be open to the press and the public and shall be governed as if PEGASYS were subject to 25 Okla. Stat. SS301, et seq. Any individual may sign up in advance to address the Board of Directors during the "Public Comments" section of the meeting on any topic related to PEGASYS business. The maximum time allotted to one such individual will be three minutes, unless otherwise requested by the board.

**5.09 Membership Meetings.** When the Board of Directors designates questions to be voted on by the membership in annual meetings or special meetings, only those active members shall be entitled to vote.

- A. PEGASYS will send written notice of meetings to all active members by mail. Mailing notice is deemed to be effective notice regardless of non-delivery if sent to the most current address found within PEGASYS' records.
- B. The quorum shall consist of the active members present at the meeting.
- C. All matters shall be decided by a simple majority vote of the active members present and in person.
- D. For General Membership Board of Director elections, nominations and voting will be done by mail to the general membership.

**5.10 Absence of Member of the Board of Directors From Meeting.** Whenever any member of the Board of Directors is absent from more than one-half of all regular or rescheduled regular meetings of PEGASYS, held within any twelve month period, or miss any three consecutive regular or rescheduled regular meetings, such member shall thereupon cease to hold such position. Reinstatement of the removed member or appointment of a new Board member shall be in writing from the appointing organization body.

**5.11** If a General Membership representative resigns or is dismissed, the Board of Directors may appoint a general membership representative to fill the position until the end of the following December, at which time an election shall be held among the general membership to select a representative to complete the unexpired term.

## **ARTICLE VI OFFICERS**

**6.01** The officers of the corporation shall be a Chairperson, Vice-Chairperson, Secretary, and a Treasurer who shall be selected by the Board of Directors.

**6.02** The Chairperson, Vice-Chairperson, Secretary, and Treasurer shall be elected by the Board of Directors for respective terms of one (1) year at the annual meeting of the Board of Directors in December of each year.

**6.03** All officers shall continue to serve until their successors have been elected. In the event of a vacancy occurring in the office of Chairperson, Vice-Chairperson, Secretary, or Treasurer, the position shall be filled at the first regular meeting, or at a special meeting called for this purpose, of the Board of Directors following the date upon which the vacancy occurs.

**6.04** The Chairperson shall preside at all meetings of the Board of Directors and, except as authorized by resolution of the Board of Directors, the Chairperson shall sign all contracts, resolutions, minutes, and other official instruments approved by the Board of Directors. The Chairperson shall serve as the official head of the authority on formal occasions. He shall serve as the leader in activities in the duties of the Board of Directors and shall speak to the aims, policies, and programs of the Board of Directors, but his authority is restricted to that as a member of the Board of Directors. The Chairperson shall refer administrative and executive duties to the Executive Director.

**6.05** The Vice-Chairperson shall perform the duties of the Chairperson in his absence or incapacity. In case of the resignation or death of the Chairperson, the Vice-Chairperson shall perform such duties as are imposed on the Chairperson until such time as the Board of Directors shall elect a new Chairperson.

**6.06** The Secretary shall be responsible for the records of the proceedings and transactions of the Board of Directors, which record shall be prepared and kept through the assistance of the Executive Director. The Secretary shall attest to all contracts, documents, and instruments authorized to be executed by the Corporation.

**6.07** The Treasurer shall be responsible for reviewing the invoices and supporting documentation of the Corporation and such other duties as designated by the Board.

**6.08** The officers of the Corporation shall perform such duties and functions as may, from time to time, be required by the Board of Trustees or by the Bylaws.

## **ARTICLE VII EXECUTIVE DIRECTOR**

**7.01** The Board of Directors shall appoint an executive director who shall be responsible for, and direct the operation of, the corporation within the limits of the budget and policies established by the Board of Directors. The Executive Director shall have all administrative duties not specifically required by statute, Articles of Incorporation, or these Bylaws to be performed by the Board of Directors. The members of the Board of Directors shall act as a policy making body, except as specifically

provided otherwise by the Articles of Incorporation or these Bylaws; and the Executive Director shall act as the administrative and executive agent of the corporation. The Executive Director shall attend all meetings of the corporation unless excused by authorization of or at the request of the Board of Directors.

- 7.02** The Executive Director, with the assistance of the Board of Directors, shall prepare and submit the annual budget of the corporation for the approval and adoption by the Board of Directors no later than the June meeting, indicating all sources of revenue and expenditures and which shall be prepared in such a form as the Board of Directors may prescribe.
- 7.03** The Executive Director shall keep the Board of Directors advised as to its financial condition and as to the affairs and matters under the jurisdiction of the Board of Directors and shall make required studies, surveys, reports, and recommendations on matters within the jurisdiction of the Board of Directors.
- 7.04** The Executive Director shall establish and maintain a personnel organization chart or table with position classification and salary wage and ranges, which shall be approved by the Board of Directors. The Executive Director shall be responsible for the employment of personnel to carry on the functions of the corporation except that the employment of professional services such as furnished by accountant, architect, attorneys, and other of similar professions may be authorized by appropriate action of the Board of Directors. Provided, however, that the Board of Directors have the power to contract with any video production company or entity to furnish services or use facilities as an independent contractor to implement the goals and objectives of PEGASYS, Inc. Should the Board of Directors so contract, the Executive Director shall work with such entities under the direction and control of the Board of Directors. The employed personnel of the corporation shall be subject to and under direction of the Executive Director.
- 7.05** No member of the Board of Directors shall interfere directly with the conduct or operation of any employee of the corporation. All instructions or directions to the Executive Director shall come from the Board of Directors as a body at regular and special meetings and only after the approval of a majority of a proper quorum. Nothing herein shall be deemed to prevent any member of the Board of Directors, any independent contractor, or any committee of the Board, from consulting with and advising the Executive Director at any time.
- 7.06** The Executive Director shall keep or cause to be kept in the office of the corporation the records of the proceedings and transactions of the Board of Directors. He shall provide a clerk at all meetings of the Board of Directors to assist the Secretary in recording all motions, resolutions, votes and proceedings. All records of the meetings and proceedings of the Board of Directors shall be kept in minute records to be kept for such purpose.
- 7.07** The Executive Director shall be responsible for the funds and for the keeping of the financial records of the corporation and shall further have the responsibility for the employment of such persons as may be necessary to assist him in performing such duties. All funds of the corporation should be deposited with a bank or banks selected or designated by resolution of the Board of Directors.
- 7.08** The Executive Director shall sign all requisitions for payment of money to be paid out and disbursed under the direction of the Board of Directors, except as otherwise authorized by resolution of the Board of Directors. Separate and regular books of account shall be kept for the fund(s) of the corporation, showing receipts and expenditures. There shall be rendered to the Board of Directors at least once every regular meeting or more often if requested, an account of the transactions and also the financial condition of the corporation.
- 7.09** The Executive Director is further responsible for:
- A. Coordinating, promoting and assisting in the development and cable casting of local programming;
  - B. Assisting individuals and organizations in creating programs and using equipment;
  - C. Oversee the use and maintenance of equipment owned or to be used by the corporation;
  - D. Budgeting, administering, and reporting on all funds allocated by the corporation;
  - E. Managing the day-to-day affairs of the corporation;
  - F. Actively interfacing with the broadest possible range of members of the community, institutions, organizations, and officials;
  - G. Assisting the city officials in producing a newsletter and programming the government access channel; and
  - H. Recommending to the Board of Directors operating rules and changes.

## **ARTICLE VIII COMMITTEES**

- 8.01** The Board of Directors, by resolution adopted by a majority vote of the Board of Directors in office, shall designate the following committees and any other committees deemed necessary. At least one Director shall serve as Chairperson of each committee and the membership of the corporation shall serve on such committees. It is further the responsibility of the Chairperson/Director to call, organize, and conduct meetings. The committee will make recommendation to the Board of Directors. There shall be no limit to the number of members of each committee. The following may be organized:
- A. **Programming / Community Producer Training Committee.** Promoting programming on the public access channel, developing program and community producer rules and regulations, establishing and evaluating training goals and course offerings
  - B. **Membership/Community Relations Committee.** Promote membership in PEGASYS by:
    1. Conducting an annual membership drive
    2. Organizing an annual volunteer appreciation and community producer recognition event
  - C. **Grant/Fundraising Committee.** Will develop fundraising campaigns, promote organization membership, and develop grant proposals. It is the responsibility of the Board of Directors to make official grant proposals and presentations.
  - D. **Bylaw Committee.** Will review organization bylaws and make recommendations for change as necessary.
- 8.02** Such other committees may be created as may seem necessary.

## ARTICLE IX GENERAL PROVISIONS

- 9.01** Fiscal year of the corporation shall be from July 1 to June 30 of each successive year.
- 9.02** Executive Director shall follow all budgetary and auditing requirements that must be followed by a municipal corporation in the State of Oklahoma.
- 9.03** Deficit spending shall not be permitted.
- 9.04** **Amendment of Bylaws.** These corporation Bylaws may be amended with the approval or affirmative vote of a majority of the members of the Board of Directors at any regular meeting. These Bylaws and any amendments shall be effective upon adoption by the Board of Directors.
- 9.05** **Declaration of Policy.** The proper operation of PEGASYS, Inc., requires that its Directors and employees be independent, impartial, and responsible to the people; that decision and policy of PEGASYS, Inc., be made through proper channels; that public office not be used for personal gain; and that the public have confidence in the integrity of PEGASYS, Inc. In recognition of these goals, a code of ethical standards of conduct for all Directors and employees by setting forth those acts or actions that are incompatible with the best interests of PEGASYS, Inc., and by directing disclosure by such Directors and employees of private financial or other interests in matters affecting PEGASYS, Inc.
- 9.06** **Definitions.**
- A. Interest means a relationship or transaction whereby a benefit accrues to a Director or employee of PEGASYS, Inc.
    1. Any person related to him by blood or marriage in a degree closer than the second degree of consanguinity of affinity (determined by the civil law method), and a divorce or separation between spouses shall not be deemed to terminate any such relationship;
    2. Any person or business entity with whom a contractual relationship exists with the Director or employee;
    3. Any business entity in which the Director or employee is an officer, Director, or member having a financial interest in, or employed by;
    4. Any business entity in which the stock of, or legal or beneficial ownership of, is in excess of twenty-five percent (25%) of the total stock or total legal and beneficial ownership, is controlled or owned by the Director or employee, but shall not include any such interest held by a blind trust.
  - B. Official act or action means any legislative, administrative, appointive or discretionary act of any Director or employee of PEGASYS, Inc.
  - C. Business entity means any business, proprietorship, firm, partnership, and person in representative or fiduciary capacity, association, venture, trust, or corporation.
  - D. Director or employee means any Director or employee holding a position by election, appointment or employment in the service of PEGASYS, Inc., whether paid or unpaid, but shall not include members.
  - E. Benefit means any direct or indirect pecuniary or material gain accruing to a Director or employee of PEGASYS, Inc.

**9.07 Code of Ethics.**

- A. The requirements herein set forth shall constitute a code of ethics establishing reasonable standards and guidelines for the ethical conduct of Directors and employees of PEGASYS, Inc.
- B. Interest in contract or transaction. No Director or employee having the power or duty to perform an official act or action, related to a contract or transaction which is or may be subject of an official act or action of PEGASYS, Inc., shall:
  - 1. Have or thereafter acquire an interest in such contract or transaction, or
  - 2. Have an interest in any business entity representing, advising or appearing on behalf of, whether paid or unpaid, any person involved in such contract or transaction, or
  - 3. Have solicited or accepted present or future employment with a person or business entity involved in such contract or transaction.
- C. Pre-acquisition of interest. No Director or employee with respect to any contract or transaction which is or may be subject of an official act or action of PEGASYS, Inc., shall acquire an interest in or affected by such contract or transaction at a time when the public employee believes or has reason to believe that it will directly or indirectly be affected by an official act or action of PEGASYS, Inc.
- D. Disclosure of information. No Director or employee with respect to any contract or transaction which is or may be the subject of an official act or action of PEGASYS, Inc., shall, without proper legal authorization, disclose confidential information concerning the property, government, or affairs of PEGASYS, Inc., or use such information to advance the financial or other private interest of himself or others.
- E. Incompatible service. No Director or employee shall engage in or accept private employment or render service, for private interest, when such employment or service is incompatible with the proper discharge of his independence of judgment or action in the performance of his official duties, unless otherwise permitted by law and unless disclosure is made as provided in the Bylaw.
- F. Public property. No Director or employee shall request or permit the unauthorized use of PEGASYS-owned vehicles, equipment, materials or property for personal convenience or profit.
- G. Special treatment. No Director or employee shall grant any special consideration, treatment or advantage to any citizen beyond that which is available to every other citizen.

**9.08 Disclosure of Interest in Legislative Action.**

Any Director or employee who has a financial interest or personal interest in any matter proposed before PEGASYS shall disclose on the record the nature and extent of such interest.

**9.09 Enforcement.**

- A. The Board of Directors of PEGASYS, Inc. shall have the primary responsibility for the enforcement of this Bylaw.
- B. PEGASYS, Inc., may direct its attorney or any other qualified attorney to investigate any apparent violation of the Bylaw and recommend any action deemed necessary.

**9.10 Sanctions.**

- A. All Directors and employees who fail to voluntarily remove themselves from conflicts of interest shall be subject to sanctions issued by the Board of Directors for PEGASYS, Inc.
- B. The potential sanctions for employees shall include verbal reprimands, formal reprimand, termination of employment, or any other appropriate personnel action.
- C. The potential sanctions for Directors shall include being removed from the Board of Directors of PEGASYS, Inc. In the event of removal, Directors of an entity may be replaced by another representative of that entity, so long as the Director's conflict was of a personal nature.

**9.11 Advisory Opinions.**

Where any Director or employee has a doubt as to the applicability of any provision of these Bylaws to a particular situation, or as to the definition of terms used herein, he may apply to the PEGASYS, Inc., attorney for an advisory opinion. The Director or employee shall have the opportunity to present his interpretation of the facts at issue and of the applicability of provisions of the Bylaws before such advisory opinion is made.

**9.12 Distribution of Ethics Bylaw.**

The Secretary shall cause of copy of this ethics Bylaw to be distributed to every Director and employee of PEGASYS, Inc., within ten (10) days after enactment of this Bylaw. Each Director and employee elected, appointed, or engaged thereafter shall be furnished a copy before entering upon the duties of the office or employment.

These amendments and restatements of the Bylaws of PEGASYS, Inc., were approved and adopted by the affirmative vote of at least seven (7) members of the Board of Directors at the regular meeting held in Enid, Oklahoma, on this 25<sup>th</sup> day of September, 2007.

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Chairperson

ATTEST:

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Secretary

Revised 9/25/07