

# BY-LAWS OF PIONEER TELEPHONE COOPERATIVE, INC.

## ARTICLE 1

### MEMBERSHIP

Section 1.1. **Requirements for Membership.** Any person, trustee, firm, association, partnership, corporation, limited liability company, limited liability partnership or body politic or subdivision thereof will become a member of Pioneer Telephone Cooperative, Inc., Kingfisher, Oklahoma, upon receipt of retail communication services from the Cooperative, within its authorized local telephone exchange boundaries, provided that it has first:

- (a) made an application for membership in the Cooperative records;
- (b) agreed to purchase communication services from the Cooperative as a retail end user of such services in accordance with the rates, terms, conditions and tariffs specified by the Cooperative, and as defined from time to time by the Board of Trustees (“Board”);
- (c) agreed to comply with and be bound by the Articles of Incorporation and By-laws of the Cooperative and any rules and regulations adopted by the Board;
- (d) paid any membership fee established by the Board of Trustees.

Retail communication services as used in this section is defined as the receipt by a member on a retail basis of residential or business communication services. The phrase "retail communication services" does not include purchased services for resale, including the use of inter-exchange access, payment of inter-exchange access fees or settlements, lease of local access facilities, or the purchase of equipment by any other party. This definition may be changed or modified by the Board of Trustees.

Purchasers of the Cooperative’s services at wholesale, or otherwise, for resale shall not be eligible for membership or patronage credits with respect to such wholesale services.

Membership shall become effective upon the date of commencement of service. Membership eligibility terminates upon disconnection of service; however, the Board may provide for suspension of service during periods of temporary absence of a member.

### Section 1.2. **Definition and Classifications.**

- (a) Membership in the Cooperative is effected by:

- (1) Procuring the Cooperative's authorized communication service, or
- (2) Providing a continuing periodic communication services revenue stream for the Cooperative.

The Board will determine under rules of general application the types and amounts of revenue streams or the types and amounts of patronage that give rise to the privileges and obligations of membership; and, the Board is authorized to determine which communication services constitute membership and qualify as patronage.

- (b) The Cooperative may have one or more classes of members to accommodate the various types of services. If the Cooperative has more than one class of membership, the definitions, the types, the qualifications and rights of each class shall be determined by the Board and set forth in these By-laws.
- (c) Exchange and interexchange carriers who participate with the Cooperative in the provision of telecommunication services to members are not members by virtue of division of revenue contracts, settlement or access arrangements and other tariffed charges these carriers pay in the provision of services to their end users. The Board has the authority to determine all questions dealing with member status as well as capital credit allocation issues for users of the Cooperative's facilities.

No member may hold more than one membership of each class in the Cooperative. No membership in the Cooperative shall be transferrable, except on the books of the Cooperative, and as provided for in these By-laws. The status of all memberships shall be as reflected upon the books of the Cooperative and no membership certificates will be issued.

All memberships in the Cooperative are extended only to individual persons (natural, corporate, or other business entity) who meet the requirements of Section 1.1. Memberships formerly issued to husbands and wives, previously referred to as joint memberships, will be allowed to continue; however, effective May 4, 1999, no new joint memberships will be established. Thus, the term "member" as used in these By-laws shall refer to an individual or business entity; but, can, on a grandfathered basis, be deemed to include a husband and wife still holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a grandfathered joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice by either or both shall constitute a joint waiver;

- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership; and,
- (g) Either, but not both, may be elected or appointed as an officer or Board member, if individually qualified;
- (h) Upon the death of either spouse who is a party to the joint membership, such membership may be converted to an individual membership; however, the estate of the deceased may not be released from any debts due the Cooperative.

**Section 1.3. Membership and Service Connection Fees.** The membership fee, in such sum as shall be fixed by the Board, shall be paid by the applicant; and the amount so paid shall then establish the eligibility of a member for one service connection. Additional fees shall be paid for each additional service connection, extension, or other available service, in accordance with the tariffs, rules and regulations prescribed by the Board.

**Section 1.4. Purchase of Services.** Each person who applies for service shall, as soon as service is available, take service from the Cooperative. The member shall pay therefore monthly, at rates in accordance with either established tariffs as fixed by the Board, or, for the services rendered by other carriers, at the rates which the Cooperative is obliged to bill and collect by contractual arrangements with other carriers. It is expressly understood that amounts received by the Cooperative for all services in excess of cost are furnished by members from the moment of receipt as capital, and each member shall be credited with the capital so furnished as provided in these By-laws; however, the Cooperative is not obligated to furnish such credits for services which are not billed and collected by the Cooperative, even when such services are partially rendered over the facilities of the Cooperative. Each member shall pay the above amounts owed by them to the Cooperative as and when the same shall become due and payable.

**Section 1.5. Transfer of Membership.** A membership may not be transferred to another person, firm, association, corporation or body politic, except as set forth in Section 1.2.

**Section 1.6. Termination of Membership.**

(a) Upon application by a member to terminate their membership in the Cooperative, the Cooperative shall repay to the member the amount of the membership fee paid by them, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative. No telephone service shall be rendered to any person, firm, association, or corporation except to members, provided that telephone service may be rendered to governmental agencies, political subdivisions, lodge halls, public schools, associations, other public and semi-public buildings;

and to other persons, associations and corporations not in excess of ten percent (10%) of the number of its members, upon service application as nonmembers.

(b) Withdrawal from membership may be made as provided in (a) above, and/or in compliance with such other or uniform terms and conditions as the Board of Trustees may prescribe from time to time.

(c) The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Trustees, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, By-laws, rules or regulations adopted by the Board of Trustees, but, only if such member shall have been given written notice by the Cooperative that such refusal or failure makes them liable to expulsion and such refusal or 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 of Trustees, or by vote of the members at any annual or special meeting.

(d) The membership of a member, who for a period of thirty (30) days after service is available to them, has not purchased telephone service from the Cooperative, or of a member who has ceased to purchase telephone service from the Cooperative may be canceled by resolution of the Board.

(e) Upon the withdrawal, death, cessation of existence, or expulsion of a member, the membership of such member shall thereupon terminate, except upon the death of a member holding a joint membership. After the successor's application for membership has been accepted in accordance with the provisions of Article I, Section 1.1 of these By-laws, the membership shall be evidenced by inclusion of the successor's name in the minutes of the Board allowing application of the membership. Termination of membership in any manner shall not release a member or their estate from any debts due the Cooperative.

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## **ARTICLE II**

### **RIGHTS AND LIABILITIES OF THE COOPERATIVE AND THE MEMBERS**

#### **Section 2.1. Service Obligations.**

(a) The Cooperative will use reasonable diligence to furnish adequate and dependable service, but it cannot and does not guarantee uninterrupted services, nor will it always be able to provide every service desired by each individual member.

(b) The members pledge to purchase all services from the Cooperative to the extent that its services are able to meet the member's needs and are competitively priced.

**Section 2.2. Cooperation Of The Members in The Extension Of Services.** The cooperation of members of the Cooperative is imperative to the successful, efficient, and economical operation of the Cooperative. Members who are receiving, or who are requesting, service shall be deemed to have consented to the reasonable use of their real property to construct, operate, maintain, replace, or enlarge telephone and/or communications lines, overhead or underground, including all conduit, cables, wires, surface testing terminals, markers and other appurtenances under, through, across, and upon any real property or interest therein owned or leased or controlled by said member for the furnishing of telephone or communication service to said member, or any other member at no cost to the Cooperative. When requested by the Cooperative, the member does agree to execute any easement or right-of-way contract on a form to be furnished by the Cooperative.

**Section 2.3. Nonliability 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.

**Section 2.4. Property Interest of Members.** Upon dissolution, after:

- (a) All debts and liabilities of the Cooperative have been paid;
- (b) All capital furnished through patronage shall be retired as provided in these By-laws; and,
- (c) All membership fees shall have been repaid, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each member and former member bears to the total patronage of all such members and such former members on the date of dissolution, unless otherwise provided by law.

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## **ARTICLE III**

### **MEETINGS OF MEMBERS**

**Section 3.1. Annual Meeting.** The annual meeting of the members shall be held at a date and place within the State in a County served by the Cooperative, as selected by the Board, and shall be designated in the notice of meeting, for the purpose of receiving certified copies of the minutes of the district meetings of members, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility

of the Board to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative, nor affect the validity of any corporate action.

**Section 3.2. Special Meetings.** Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) Board members, by the President, or by 200 members, or five (5) percent of all the members, whichever is 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 one of the Counties served by the Cooperative, as designated by the Board, and shall be specified in the notice of the special meeting.

**Section 3.3. Notice of Members' Meetings.** Written or printed notice stating the place, day, and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than twenty-five 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 their address as it appears in the records of the Cooperative, with postage thereon prepaid. The incidental or unintended 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 3.4. Postponement of a Meeting of the Members.** In the event of inclement weather, or the occurrence of a catastrophic event, the meeting of the members may be postponed by the President. Notice of the adjourned meeting shall be given by the President in any media of general circulation or broadcast serving the area.

**Section 3.5. Quorum.** As the total number of members exceeds five hundred, fifty members or two per centum, (or such other minimum percentage as shall be fixed, from time to time, by statute), 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 those present in person may adjourn the meeting from time to time without further notice. The minutes of each meeting shall contain a list of the members present in person.

**Section 3.6. 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, except as otherwise provided by law, the Articles of Incorporation or by these By-laws.

(a) No member at any District Meeting shall vote by proxy or by mail, except any member who is absent from any annual or special meeting of the members may vote by mail at such meeting only upon any motion or resolution pertaining to the borrowing of funds from the United States of America or any agency or instrumentality thereof, or from any corporation or financial institution authorized to assist in the credit and financial needs of rural telephone

cooperatives, or the sale, mortgage, lease, or other disposition or encumbrance of the Cooperative's property to the United States of America or any agency or instrumentality thereof, or to any corporation or financial institution authorized to assist in the credit and financial needs of rural telephone cooperatives. The Secretary shall be responsible for enclosing with the notice of such meeting an exact copy of such motion or resolution to be acted upon, and such absent member shall express their vote thereon by placing a cross (x) in the space provided therefore opposite each such motion or resolution. Such absent member shall enclose each such copy so marked in a sealed envelope bearing their name and addressed to the Secretary. When such written vote so enclosed is received by mail from any absent member, it shall be counted as the vote of such member at such meeting. If a husband and wife hold a joint membership and are absent from any annual or special meeting of the members, they shall jointly be entitled to vote by mail as provided in this section. The failure of any absent member to receive a copy of any such motion shall not invalidate any action which may be taken by the members at any such meetings.

**Section 3.7. Order of Business.** The order of business at the annual meeting of the members shall be conducted under policies established by the Board, and under an agenda essentially as follows, except as otherwise determined by the members at such meeting:

- (a) Report of the number of members present, in person, in order to determine the existence of a quorum.
- (b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Reading of unapproved minutes of previous meetings of the members, and the taking of necessary action thereon, unless minutes presented for approval shall have been furnished by a timely mailing or have been distributed at the meeting to all active members present. In such case, the President may entertain a motion from the floor to dispense with the reading of such minutes.
- (d) Presentation of certified minutes of each district meeting of members particularly showing election of a trustee by each.
- (e) Presentation and consideration of reports of officers, trustees and committees.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

Notwithstanding the foregoing, the Board, or the members themselves, may, from time to time, establish a different order of business for the purpose of assuring the earlier consideration of an action upon an item of business, the transaction of which is necessary or desirable in advance of any other item of business; provided that no business other than adjournment of the meeting to

another time and place may be transacted until and unless the existence of a quorum is first established.

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## ARTICLE IV

### TRUSTEES

Section 4.1. **General Powers.** The business and affairs of the Cooperative shall be managed by a Board of Trustees which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these By-laws, conferred upon or reserved to the members.

- (a) Said trustees shall be elected for a three year term so staggered that as nearly as possible one third of the Board of Trustees will be elected each year.
- (b) No person shall be elected or serve as a trustee who is not a member of the Cooperative, or who is not a member of another telephone cooperative which is a member of Pioneer.

Section 4.2. **Voting Districts.** The territory served, and to be served, by the Cooperative shall be divided into not less than eleven nor more than fifteen districts, the exact number within such minimum and maximum limits to be fixed and determined, from time to time, by resolution of a majority of the full Board of Trustees, or by resolution of the members at any meeting thereof. Each district shall contain approximately an equal number of members, as reasonably possible, and each of which shall elect and be represented by one Trustee. The said districts as now constituted, and numbered one through twelve, shall represent the existing districts following the adoption of these amended By-laws, until such time as changed by the Board of Trustees or the members as above set forth. The boundaries of each of said districts as now constituted and designated by the Board of Trustees are hereby adopted, and it is further provided that these boundaries may be reconstituted and redesignated from time to time, upon review of the Board of Trustees, not less than sixty days before any meeting of the members at which the Board members are to be elected. At such review, in the event the Board of Trustees should find inequalities in representation, they shall be corrected by re-delineation of the district and the boundaries reconstituting the districts thereby, so that each shall contain, as nearly as possible, the same number of members.

In addition to the districts created above, there has been created a special, at-large, Board position. This Board position is limited to one Cooperative member who is a minority or female residing anywhere in the Cooperative's service area. The term for this at-large position commenced with the approval of an amendment to the By-laws with the at-large Trustee, approved in 1996 to stand for re-election in 1999, and every three years thereafter. The election of the at-large Trustee shall be at a special meeting to be held in Kingfisher, Oklahoma, during the same period as regular district meetings. Participation in this special meeting is open to all Cooperative members. A quorum for the meeting to fill the at-large Board position would require



a minimum of one hundred members, or one half of one per centum of the total membership of the Cooperative. The at-large Trustee would be subject to all provisions of these By-laws.

**Section 4.3. Election of Trustees by Districts.** The Board of Trustees shall, each year, by a resolution adopted not later than sixty days preceding each annual meeting of the members, fix a date, which shall not be less than fourteen days, nor more than thirty days, preceding the annual meeting of the members, for the holding of the district meeting of members residing therein, in the appropriate districts for the purpose of electing, by ballot, by and from the members of each such district a Trustee to serve as Trustee of the Cooperative.

(a) Following the adoption of the changes in these By-laws, at the regular district meetings held thereafter, Trustees shall be elected for terms of three years in the districts as follows:

2014	Districts 2, 4, 9, 11 and at-large;
2015	Districts 6, 8, 10 and 12;
2016	Districts 1, 3, 5 and 7;

all to be done at the regular district meetings in the aforementioned years, and successive years, in the same sequence for three year terms each, and all of the Trustees so elected shall hold office for the proper term, and until their successors shall be elected and qualified.

At such time as the Board of Trustees shall create a thirteenth district, the Trustee shall be elected for an original term to coincide with the Trustees of Districts 1, 3, 5 and 7, with re-election thereafter to be on the same years as Districts 1, 3, 5 and 7.

At such time as the Board of Trustees shall create a fourteenth district, the Trustees shall be elected for an original term to coincide with the Trustees of Districts 6, 8, 10 and 12, with re-election thereafter to be on the same years as Districts 6, 8, 10 and 12.

At such time as the Board of Trustees shall create a fifteenth district, the Trustees shall be elected for an original term to coincide with the Trustees of Districts 2, 4, 9, 11 and at-large, with re-election thereafter to be on the same years as Districts 2, 4, 9, 11 and at-large.

(b) The Board of Trustees shall fix the time for each district meeting of the members, and cause notice of each such meeting to be mailed at the direction of the Secretary by the Cooperative to each member not less than ten days before the meeting, and said notice shall designate the district to which each member belongs. Such notice may be published and mailed in the Pioneer Tele-Topics or any other regular publication of the Cooperative. Each such district meeting shall be called to order by the Trustee representing such district or such other person as may be designated by the President. The members shall then proceed to elect a chairperson, who

shall be someone other than a Trustee, and a Secretary, each to act for the duration of the meeting.

(b-1) Notice of Candidacy. Any member of a district desiring to be a candidate for election as Trustee from that district shall file with the Secretary of the Cooperative written notice, on a form provided by the Secretary, of their candidacy and intention to stand for election to the office of Trustee from their district. The filing period shall be held on the first consecutive Monday, Tuesday, and Wednesday, of the month of April. All candidates meeting the requirements of Article IV, Section 4.4, shall be certified by the Secretary as candidates. Only persons filing written notice of their candidacy and intention to stand for election shall be eligible for election at said meeting. If no member files such notice of candidacy and intention to stand for election with the Secretary within the time prescribed above, then the office shall be declared vacant by the Board of Trustees at their next regular meeting, and said office shall be filled by vote of the Board at such meeting, without regard to any provisions herein regarding nominations and election of Trustees.

(c) The presence of ten percent (10%) of the total number of members of the Cooperative residing in such district, at such duly called district meeting, shall constitute a quorum as long as the total number of members of the Cooperative, residing in any such district, shall not exceed 500. In case the total number of members residing in such district shall exceed 500, fifty (50) members, or two percent (2%), (or such other minimum percentage as shall be fixed, from time to time, by statute), whichever is greater, of the members residing in such district shall constitute a quorum. No member at any district meeting shall vote by proxy or by mail.

(d) The member in each voting district receiving the highest number of votes cast in the election, at such district meeting, shall be elected a Trustee of the Cooperative to take office immediately following the ensuing annual meeting of members, and shall serve their proper term, or until their successor shall have been elected and qualified.

(e) IN THE EVENT A QUORUM IS NOT PRESENT AT SAID MEETING, AND IF NOT OTHERWISE PROVIDED BY LAW, THE INCUMBENT TRUSTEE SHALL HOLD OVER FOR A TERM OF THREE YEARS, OR UNTIL THEIR SUCCESSOR IS ELECTED AND QUALIFIED.

(f) The chairperson and secretary of each district meeting of members shall certify the minutes of the meeting, and shall immediately deposit the same with the Secretary of the Cooperative, and said minutes shall show the name of the person elected as Trustee by the district.

Section 4.4. **Qualifications.** No person shall be eligible to become or remain a Trustee of the Cooperative who:

(a) is not a member in good standing of the Cooperative and a bona fide resident of the district which elects or elected them in the area served by the Cooperative; or

(b) is an employee of the Cooperative; or

(c) is in any way employed by or financially interested in a competing enterprise or a business selling communication services or supplies to the Cooperative, or a business primarily engaged in selling communication service or supplies to the members of the Cooperative; or

(d) is a close relative of an employee of the Cooperative. For purposes of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers and sisters by blood, or by adoption.

(e) has been convicted of a felony or any crime involving moral turpitude within the last ten (10) years.

Upon establishment of the facts that a Trustee is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Trustees to remove such Trustee from office.

Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Trustees.

**Section 4.5. Removal of Trustee by Members.** Any member may bring charges against a Trustee by filing such charges in writing with the Secretary, together with a petition signed by at least ten percent (10%) of the members of the district, or 300 members, whichever is the lesser figure, and request the removal of such Trustee by reason thereof. The Trustee against whom such charges have been brought shall be informed in writing of the charges at least ten days prior to the 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. The question of the removal of such Trustee shall be voted upon at the next regular or special meeting of the members of the district, 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 elections, except that the new Trustee must reside in the same district as the Trustee in respect of whom the vacancy occurs.

**Section 4.6. Removal of Trustee by the Board.** If a member of the Board of Trustees fails to attend four consecutive regular meetings, the Board, following at least ten days written notice to the affected Trustee, may declare his office vacant and, thereafter, may fill the vacancy so created by appointing a new Trustee from the same district to serve the unexpired portion of the term of office.

**Section 4.7. Vacancies.** Subject to the provisions of these By-laws with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining Trustees 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 elections.

Section 4.8. **Compensation.** Trustees shall not receive any salary for their services as such, except that the Board of Trustees of the Cooperative may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, including, but not limited to, attendance at Trustees' meetings, conferences, and meetings designed to promote telephone cooperatives, training programs, committee assignments, and related activities, when authorized by the Board. In addition to the said fixed sum, if authorized by the Board, Trustees may also be reimbursed for their expenses actually and necessarily incurred in carrying out such Cooperative business, or granted a reasonable per diem allowance by the Board of Trustees in lieu of detailed accounting for some of these expenses. No Trustee shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment of compensation be specifically authorized by a vote of the members, or the service of such Trustee or close relative shall have been certified by the Board of Trustees as an emergency measure. For purposes of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers and sisters by blood, or by adoption.

Section 4.9. **Rules, Regulations, Rate Schedules and Contracts.** The Board of Trustees shall have the power to make, adopt, amend, abolish, and promulgate, such rules, regulations, rate classifications, rate schedules, contracts, security deposits, or any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Certificate of Incorporation or By-laws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative, or cause such to be submitted for any appropriate governmental-regulatory approval. Further, the Board of Trustees may constitute itself into committees for the purpose of studying and making recommendations to the full Board in the course of its decisional processes.

Section 4.10. **Accounting Systems and Reports.** The Board of Trustees shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete, and independent audit of the Cooperative's accounts, books, and records, reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at, or prior to, the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time, and for any specified period of time.

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## ARTICLE V

### MEETINGS OF TRUSTEES

Section 5.1. **Regular Meetings.** A regular meeting of the Board of Trustees shall be held, without notice, immediately after the annual meeting of the members. A regular meeting of the Board of Trustees shall also be held monthly at such time and place as the Board of Trustees may provide by resolution. Such regular monthly meetings may be held, without notice, other than as provided in such resolution fixing the time and place thereof. In the event the President of the

Board of Trustees determines that the regular meeting date conflicts with other business of the Trustees, or for some cause, believes the date should be changed, he is authorized to dispense with the regular meeting, provided that at least five days notice be given to the Trustees prior to the regular meeting date, and provided further, that a Board meeting be called in a period of time within ten days before or after the regular meeting date, and notice thereof be properly given to the Trustees. Unless specifically prohibited by law, meetings, regular or special, may be conducted through the use of conference telephone or other communications equipment by means of which all persons participating in the meetings can communicate with each other. Such participation will constitute attendance and presence in person at the meeting of the persons so participating.

**Section 5.2. Special Meetings.** Special meetings of the Board of Trustees may be called by the President or by any three Trustees, 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 Trustees calling the meeting shall fix the time and place for the holding of the meeting.

**Section 5.3. Notice of Trustees' Meetings.** Written notice of the time, place, and purpose of any special meeting of the Board of Trustees shall be delivered to each Trustee, 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 Trustees calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Trustee at their address as it appears on the records of the Cooperative. Notice may be by facsimile transmission.

**Section 5.4. Quorum.** A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Trustees of the time and place of such adjourned meeting. The act of the majority of the Trustees present at a meeting, at which a quorum is present, shall be the act of the Board of Trustees, except as otherwise provided in these By-laws, or by the parliamentary procedure or special rules adopted by the Cooperative. Board members may not vote by proxy at regular or special Board meetings.

**Section 5.5. Unanimous Consent in Writing.** Unless otherwise prohibited by law, Board actions may be taken without a meeting, and without a vote, if unanimous consent of the Board is obtained in writing setting forth the action taken, in detail, and the detail is signed by all Board members entitled to vote.

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## ARTICLE VI

### OFFICERS

**Section 6.1. 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 of Trustees from time to time. The offices of Secretary and of Treasurer may be held by the same person.

Section 6.2. **Election and Term of Office.** The officers shall be elected, by ballot, annually, by and from the Board of Trustees, at the meeting of the Board of Trustees held directly 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 of Trustees following the next succeeding annual meeting of the members, or until their successor shall have been elected and shall have been qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 6.3. **Removal of Officers and Agents by Trustees.** Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever, in its judgment, the best interests of the Cooperative shall be served thereby.

Section 6.4. **President.** The President shall:

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

Section 6.5. **Vice-President.** In the absence of the President, or in the event of their inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the powers 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 them by the Board of Trustees.

Section 6.6. **Secretary.** The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members, and of the Board of Trustees, in books provided for that purpose; provided that the Secretary may, subject to veto by the Board of Trustees, delegate the physical responsibility of keeping the minutes to the attorney or some qualified agent for that purpose;

- (b) seeing that all notices are duly given in accordance with these By-laws, or as required by law;
- (c) the safekeeping of the corporate books and records, and the seal of the Cooperative, and affixing the seal of the Cooperative to all documents, the execution of which on behalf of the Cooperative, under its seal, is duly authorized in accordance with the provisions of these By-laws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) having general charge of the books of the Cooperative in which a record of the members is kept;
- (f) keeping on file, at all times, a complete copy of the Articles of Incorporation, or conversion, and the 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, furnishing a copy of the By-laws and of all amendments thereto to any member, upon request; and
- (g) in general, performing all duties incident to the office of Secretary, and such other duties as from time to time may be assigned to them by the Board.

Section 6.7. **Treasurer.** The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of, and the issuance of, receipts for all monies due and payable to the Cooperative, and for the deposit of all such monies in the name of the Cooperative in such financial institutions as shall be selected in accordance with the provisions of these By-laws; provided, however, that the Treasurer shall have the authority, with the approval of the Board, to delegate to the General Manager the authority to appoint employees of the Cooperative to actually carry out the responsibilities set forth in this Section; and
- (c) the general performance of all the duties incident to the office of Treasurer, and such other duties as from time to time may be assigned to them by the Board of Trustees.

Section 6.8. **C.E.O. - Chief Executive Officer.** The Board may appoint a Chief Executive Officer who may be, but who shall not be required to be, a member of the Cooperative. The Chief Executive Officer shall perform such duties and shall exercise authority as the Board may from time to time direct.

Section 6.9. **General Manager.** The Board of Trustees may appoint a General Manager who may be, but who shall not be required to be, a member of the Cooperative. The General Manager shall perform such duties and shall exercise such authority as the Board of Trustees or Chief Executive Officer may from time to time direct. The offices of Chief Executive Officer and General Manager may be combined at the discretion of the Board.

Section 6.10. **Bonds of Officers.** The Treasurer, and any other officer or agent of the Cooperative charged with the responsibility for the custody of any of its funds or property, shall be bonded in such sum and with such surety as the Board of Trustees shall determine. The Board of Trustees, in its discretion, may also require any other officer, agent, or employee of the Cooperative to be bonded in such amount and with such surety as it shall determine.

Section 6.11. **Compensation.** The powers, duties, and compensation of any officers, agents, and employees shall be fixed by the Board of Trustees, subject to the provisions of these By-laws with respect to compensation for Trustees and close relative of Trustees, and subject to the power of the Board to delegate to the Chief Executive Officer and General Manager the authority to fix the powers, duties, and compensation of an employee.

Section 6.12. **Reports.** The officers of the Cooperative shall submit, at each annual meeting of the members, reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

Section 6.13. **Employment.** Effective May 6, 2003, the Cooperative shall not employ the close relative of any employee filling the position of Chief Executive Officer, General Manager, Vice-Presidents, or General Counsel. For purposes of this section, close relative includes grandparents, parents, husband, wife, children, grandchildren, brothers and sisters, by blood, or by adoption. This provision shall not apply to any present employee, or to any employee working for the Cooperative at the time of future elevation to the position of Chief Executive Officer, General Manager, Vice-Presidents, or General Counsel.

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## ARTICLE VII

### DISTRICT MEETINGS

Section 7.1. **District Meetings.** In addition to district meetings called for the purpose of electing Trustees, meetings of the members within a particular district may be called by resolution adopted by a majority of the Board of Trustees, or upon written request signed by the Trustee residing in the particular district, or upon a written request signed by ten percent (10%) or more of the members located within such district, for the purpose of making recommendations to the Board of Trustees, or the entire membership, with respect to any matters pertaining to the



business of the Cooperative, and it shall thereupon be the duty of the Secretary of the Cooperative to cause notice of such meeting to be given as hereinafter provided. Such meeting may be held at any place within the district, and at any time as specified in the notice of the meeting. The presence of at least fifteen percent (15%) of the members of the Cooperative, residing within the district, at a duly called district meeting shall constitute a quorum. The incumbent Trustee shall call the meeting to order, or in their absence, some member designated at the meeting may do so, and thereafter, the members at the meeting shall elect a chairperson and a secretary, each to act for the duration of the meeting. Proxy voting shall not be permitted at any district meeting.

**Section 7.2. Notice of District Meetings.** Written or printed notice stating the place, day, and hour of the meeting, and the purpose or purposes for which the meeting is called, shall be mailed or personally delivered by an officer of the Cooperative, not less than ten days before such meeting. Meetings shall be opened for discussion of any matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, except that as to a meeting at which a Trustee is to be elected, or one where charges are to be discussed concerning the Trustee, the notice must specify that such action is to be taken at the meeting.

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## ARTICLE VIII

### NON-PROFIT OPERATION

**Section 8.1. Interest or Dividends on Capital Prohibited.** The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members.

**Section 8.2. Patronage Capital in Connection with Furnishing Communication Services.** In the furnishing of communication services, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account, on a patronage basis, to all its members for all amounts received and receivable for the furnishing of communication services in excess of operating costs and expenses properly chargeable against the furnishing of such 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 members as capital. The Cooperative is obligated to pay by credits to a capital account for each member all such amounts in excess of operating costs and expenses derived from communication services, and other patronage activities. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each calendar year the amount of capital, if any, so furnished by each

member is clearly reflected and credited in an appropriate record to the capital account of each member. All such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash in pursuance of a legal obligation to do so, as if the member had 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, and at the Board of Trustees' discretion, allocated to its members on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of members as herein provided. Members at any time may assign their capital credits back to the Cooperative, and the Cooperative is authorized to negotiate discounted capital credit settlement arrangements with bankrupt patrons.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired, without priority, on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to members' accounts may be retired in full, or in part, and the Cooperative is authorized to deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Cooperative. After the 3rd day of May, 1979, and thereafter, the Board of Trustees shall determine the method, basis, priority, and order of retirement, if any, for all amounts furnished as capital.

Any such retirements of capital shall be made in order of priority as may be determined by the Board of Trustees. Any attempt to assign or transfer the capital credited to the account of a member pursuant to state or federal law is subject to a right of first refusal vested in the Cooperative for a period of sixty (60) days following notice to the Cooperative of a proposed transfer of such capital to the extent the Cooperative meets any compensation terms of the proposed transfer.

The Board shall have the power, at such time as the finances of the Cooperative permit, to advance the retirement of capital credited to the estate of deceased natural members. Provided, however, that nothing herein shall impose any liability or responsibility upon the Trustees to make accelerated payments of any type to corporate entities and further provided, however, that the financial condition of the Cooperative will not be impaired by the implementation of the foregoing.

When the capital credits of any member no longer receiving service from the Cooperative comes to a total amount of less than a fixed sum determined by the Board of Trustees, the same shall be retired, in full, with such retirements made only when and at the same time that a general retirement to other members is made. During a general capital credit retirement, no checks shall be issued for less than a fixed amount determined by the Board, and the amount of such unretired capital credits will be retired in the first following year, when the total amount of capital credits qualifying for retirement exceeds that amount set by the Board, including the amount carried over. All tax refunds made by the United States Government or any of the states in connection with the final or true cost of service, as determined by the capital credits allocation process, may be held and used by the Cooperative as furnished patronage capital and shall be treated in the same manner as furnished capital set out in this Section of these By-laws.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-laws shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of the By-laws shall be called to the attention of each member of the Cooperative by publishing in the Cooperative's telephone directories.

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## **ARTICLE IX**

### **DISPOSITION OF PROPERTY**

The Cooperative may not sell, mortgage, lease, or otherwise dispose of, or encumber, all or any substantial portion of its property, unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease, or other disposition or encumbrance shall have been contained in the notice of the meeting, provided, however, that notwithstanding anything herein contained, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage, or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, wherever situated, as well as the revenues and income there from, all upon such terms and conditions as the Board of Trustees shall determine, to secure an indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to any corporation or financial institution permitted to assist in the credit and financial needs of rural telephone cooperatives.

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## ARTICLE X

### SEAL

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Kingfisher, Oklahoma."

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## ARTICLE XI

### FINANCIAL TRANSACTIONS

Section 11.1. **Contracts.** Except as otherwise provided in these By-laws, the Board of Trustees 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 11.2. **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 of Trustees.

Section 11.3. **Deposits.** All funds, except petty cash, of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Trustees may select.

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## ARTICLE XII

## MISCELLANEOUS

Section 12.1. **Membership in Other Organizations.** The Cooperative may become a member or purchase stock in other profit or nonprofit organizations, associations, partnerships, or joint ventures, when the Board finds that the general or long-term interests of its membership will be served by such investments or participation.

Section 12.2. **Waiver of Notice.** Any member or Trustee may waive, in writing, any notice of a meeting required to be given by these By-laws. The attendance of a member or Trustee at any meeting shall constitute a waiver of notice of such meeting by such member or Trustee, except in case a member or Trustee shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened.

Section 12.3. **Policies, Rules and Regulations.** The Board of Trustees shall have the power to make and adopt such policies, rules, and regulations not inconsistent with law, the Articles of Incorporation or these By-laws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

Section 12.4. **Accounting System and Reports.** The Board of Trustees shall cause to be established and maintained a complete accounting system, subject to applicable laws and rules and regulations of any applicable regulatory body. The Board of Trustees shall also, after the close of each fiscal year, cause to be made by a certified public accountant, a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

Section 12.5. **Area Coverage.** The Board of Trustees shall make diligent effort to see that telephone service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

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## ARTICLE XIII

### INDEMNIFICATION OF OFFICERS, BOARD MEMBERS, EMPLOYEES AND AGENTS

Section 13.1. **Scope of Indemnification.** The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party, to any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, (other than an action by, or in the right of the Cooperative), by reason of the fact that such person is or was a Board member, officer, employee, or agent of the Cooperative or who is or was serving at the request of

the Cooperative as a Board member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses, (including attorney's fees), adjustments, fines, and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, provided such person acted in good faith and in a manner such person reasonably believed to be in, or not opposed to, the best interest of the Cooperative, and, with respect to any criminal action or proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any action, suit, or proceeding by judgment, order, settlement, conviction, or upon pleas of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceeding, had reasonable cause to believe that the conduct of such person was unlawful.

**Section 13.2. Indemnification for Good Faith Action.** The Cooperative shall indemnify any person who was or is a party, or is threatened to be made a party to, any threatened, pending, or completed action or suit by, or in the right of, the Cooperative to procure a judgment in its favor by reason of the fact that such person is, or was, a Board member, officer, employee, or agent of the Cooperative, or is or was, serving at the request of the Cooperative as a Board member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against expenses, (including attorney's fees), actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith, and in a manner such person reasonably believed to be in, or not opposed to, the best interests of the Cooperative. No indemnification shall be made in respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the duty of such person to the Cooperative, unless, and only to the extent that the Court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity of such expenses as the Court shall deem proper.

**Section 13.3. Cost of Defense Indemnified.** To the extent that a Board member, officer, employee, or agent of the Cooperative has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 7.1 and 7.2, in defense of any claim, issue, or matter therein, such person shall be indemnified against expenses, (including attorney's fees), actually and reasonably incurred by such person in connection therewith.

**Section 13.4. Amount of Indemnification.** Any indemnification under Sections 13.1 and 13.2, (unless ordered by a court), shall be made by the Cooperative only as authorized in the specific case, upon a determination that indemnification of the Board member, officer, employee, or agent is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 13.1 and 13.2. Such determination shall be made:

(a) By the Board by a majority vote of a quorum consisting of Board members who were not parties to such action, suit, or proceedings; or

- (b) If such a quorum is not obtainable, or if obtainable, if a quorum of disinterested Board members so directs, by independent legal counsel in a written opinion; or
- (c) By the members.

Section 13.5. **Expenses Advanced.** Expenses incurred in defending a civil or criminal action, suit, or proceeding may be paid by the Cooperative in advance of the final disposition of such action, suit, or proceeding, as authorized by the Board in the specific case, upon receipt of a firm commitment by or on behalf of the Board member, officer, employee, or agent to repay such amount, unless it shall ultimately be determined that the Board member, officer, employee, or agent is entitled to be indemnified by the Cooperative as authorized in this Article.

Section 13.6. **Rights of Persons Indemnified.** The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any By-law, agreement, vote of members, or disinterested Board members, or otherwise, both as to action in their official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a Board member, officer, employee, or agent, and shall inure to the benefit of the heirs, executors, and administrators of such a person.

Section 13.7. **Insurance Coverage.** The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Board member, officer, employee, or agent of the Cooperative, or who is or was serving at the request of the Cooperative as a Board member, officer, employee, or agent of another cooperative, association, corporation, partnership, joint venture, trust, or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of the status of such person as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provisions of this Article.

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## ARTICLE XIV

### AMENDMENTS

These By-laws may be altered, amended, or repealed by the members, at any regular or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal; provided further that Section 3.6 of Article III, (relating to voting by members), Article IX, (relating to disposition of property), and Article XIV, (relating to amendment), of the By-laws may be altered, amended, or repealed only by the affirmative vote of not less than two-thirds of all of the members of the Cooperative.

*Approved this 7th day of May, 2013.*