

Peace River Electric Cooperative, Inc.

Bylaws

2007

(As Adopted March 10, 2007)

ARTICLE I

Membership

Section 1. Requirements for Membership

Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Peace River Electric Cooperative, Inc. (hereinafter called the “Cooperative”) upon receipt of electric service from the Cooperative, provided that he or it has first:

- (a) Make written application for membership therein;
- (b) Agreed to purchase from the Cooperative electric energy hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any policies, rules and regulations adopted by the Board and
- (d) Paid the membership fee hereinafter specified.

No member may hold more than one membership in the Cooperative, and, except as otherwise provided in these bylaws or by the Board in advance and in writing, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred.

Section 2. Membership Agreement

The articles of incorporation, bylaws, policies, or rules and regulations adopted by the Board constitute a contract between the member and the Cooperative. A member shall: (1) comply with the articles of incorporation, bylaws, policies, or rules and regulations adopted by the Board; and (2) pay the Cooperative for the Cooperative’s damages, costs, or expenses, including attorney fees and legal expenses, caused by or associated with the member’s failure to comply with the articles of incorporation, bylaws, policies, or rules and regulations adopted by the Board.

Section 3. Joint Membership

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section I of this Article, may be accepted for such membership. The term “member” as used in these bylaws shall be deemed to include a husband and wife holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one joint vote;
- (c) A waiver of notice signed by either or both shall constitute a joint waiver;
- (d) Notice to either shall constitute notice to both;
- (e) Expulsion of either shall terminate the joint membership;
- (f) Withdrawal of either shall terminate the joint membership;
- (g) A joint member qualified to be a member of the Board may be a Director, regardless of whether another joint member is qualified to be a Director, but if more than one joint member is qualified to be a Director, then only one joint member may be a Director.

Section 4. Conversion of Membership

- (a) A membership may be converted to a joint membership upon written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the articles of incorporation, bylaws, and rules and regulations adopted by the Board of Directors.
- (b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor.

Section 5. Membership Fees

The membership fee shall be five dollars, upon the payment of which a member shall be eligible for electric service.

Section 6. Purchase of Electric Energy

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefore at rates or charges which shall from time to time be fixed by the Board of Directors. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative. It is expressly understood that amounts paid for electric energy in excess of expenses related to supplying such electric energy are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount, regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 7. Termination of Membership

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of all the members of the Board, expel any member who fails to comply with any of the provisions of the articles of incorporation, bylaws, policies, or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such

notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be canceled by resolution of the Board.

- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him, 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.

ARTICLE II

Rights and Liabilities of Members

Section 1. Property Interest of Members

Upon dissolution, after

- (a) All debts, liabilities and obligations of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these bylaws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years preceding the date of the filing of the certificate of dissolution, or, if the Cooperative existence.

Section 2. Non-liability, for Debts of the Cooperative

The property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III

Meetings of Members

Section 1. Annual Meeting

The Cooperative shall annually hold a meeting of the members at a date, time, and location within a county served by the Cooperative determined by the Board of Directors and which shall be designated in the notice of the meeting, for the purpose of passing upon reports for the previous fiscal year, seating of newly elected Directors and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. The Cooperative's failure to hold an annual meeting of the members does not affect an action taken by the Cooperative.

Section 2. Special Meetings

A special meeting of members may be called by resolution of the Board of Directors or upon a written request signed by any three (3) Directors or upon the written petition of not less than ten (10%) percent of all members or by the president, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as provided hereafter. It shall be the responsibility of the Board of Directors to set the date and time of the meeting, but not sooner than forty (40) days after the call for such meeting is called, and the person or persons to chair such meeting. A meeting held to consider merger, consolidation or sale of assets will not be held less than 90 days after such meetings have been called. Any special meeting of the members will be held within one of the counties served by the Cooperative. The Board will provide such facilities as are necessary to meet the needs of such meeting. Notwithstanding such dates described in this

paragraph, a meeting initiated by written petition of not less than ten (10%) percent of all members shall be held within 45 days after the presentation of such petition or, if the date of the next annual meeting of members falls within 90 days after such presentation or if the petition so requests, at such annual meeting.

Section 3. Notice of Member Meetings

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten days nor more than forty-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 his address as it appears on the records of the Cooperative, with postage thereon prepaid. The good faith, inadvertent, and unintended failure of a member to receive notice of a member meeting does not affect an action taken at the member meeting.

Section 4. Quorum

As long as the total number of members does not exceed five hundred, ten per cent of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed five hundred, fifty members or one percent 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, provided, that the Secretary shall notify any absent members of the time and place of such adjourned meeting. The minutes of each meeting shall contain a list of the members present in person.

Section 5. Voting

If the member is present in person and presents identification or proof of Cooperative membership as reasonably required by the Cooperative, then, regardless of the value or quantity of Cooperative services used, the member may cast one (1) vote on a matter for which the member is entitled to vote. Except as otherwise provided in these Bylaws, members approve a matter if: (1) a member quorum is present in person and (2) a majority of members who are entitled to vote on the matter, vote in favor of the matter. At a member meeting, the individual presiding over the member vote may require the members to vote by voice. If the individual presiding over the member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the members shall vote by written ballot, or by any other reasonable manner determined by the individual presiding over the member vote.

Section 6. Order of Business

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

1. Determine the existence of a quorum.
2. Read the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Approve the minutes of previous meetings of the members.
4. Present and consider reports of officers, directors and committees.
5. Seat the newly elected Directors.
6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV

Directors

Section 1. General Powers

The business and affairs of the Cooperative shall be managed by a Board of Directors of nine Directors which shall exercise all of the powers of a legally formed rural electric cooperative except such as are conferred upon the members by law, or its articles of incorporation or bylaws.

Section 2. Qualifications

The Directors of the Cooperative named in the articles of incorporation, consolidation, merger or conversion, as the case may be, shall hold office until the next following annual meeting of the members or until their successors shall have been elected and seated. Any person shall be eligible to become and remain a Director in the Cooperative who meet the following:

- (a) Be a member of the Cooperative for at least 12 months, maintain their primary residence in the district which the Director represents and purchase electric energy from the Cooperative at that residence.
- (b) Not be employed by or have a material financial interest in a competing enterprise or business that sells electrical energy or a supplier, contractor, consultant or any other entity with which the Cooperative does a substantial amount of business.
- (c) Not have a Close Relative employed by the Cooperative; (The word "Close Relative" shall be a defined word as used in these bylaws and shall mean: children or their spouses, grandchildren or their spouses, husband, wife, sister, brother, parent, step-parents, grandparents, aunts, uncles, and their children, mother-in-law or father-in-law, sisters-in-law or brothers-in-law.
- (d) Not be employed by the Cooperative and must not have been employed by the Cooperative for a period of two years before

becoming a Director. No Director may become an employee of the Cooperative for a minimum of two (2) years after leaving the Board of Directors; and

- (e) Attend at least three-fourths of the regular monthly Board meetings during any twelve-month period beginning with the first month the Director takes office unless the failure to attend a meeting is excused by Board action.

After being elected, designated, or appointed, if a Director does not comply with all Director qualifications, then, except as otherwise provided by the Board for good cause, the Board shall disqualify the Director and the individual is no longer a Director if:

- the Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and within 60 days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.

Section 3. Terms

Directors will be elected at District membership meetings, but their term of office will not become effective until the date of the next annual meeting or until their successor has been elected, whichever occurs later. Except as otherwise provided in these bylaws, a Director's term is three years or until a successor Director is elected. A Director's term begins immediately upon seating at the date of the next annual meeting. A Director's term ends after: (1) a successor Director consents to being elected as a Director; and (2) immediately after the date of the next annual meeting.

The Cooperative must stagger Director terms by dividing the total

number of authorized Directors into groups of approximately equal number. Members must annually elect an approximately equal number of Directors. An incumbent Director's length of term may not be shortened without the incumbent Director's consent.

Section 4. Districts

- (a) The territory served or to be served by the Cooperative shall be divided into Districts, each of which shall contain as nearly as possible the same number of members. The Board may take into consideration when drawing District lines, such things as natural boundaries, common Community interest, size and configuration of the Districts in addition to the number of members residing in the Districts. Each District shall be represented by one Director.
- (b) Not less than 60 days before any meeting of the members at which Directors are to be elected, the Board shall review the composition of the several Districts and, as necessary, the Board may revise the Districts to ensure that the Districts equitably represent the members based upon the number of members and such other considerations as natural boundaries, common community interest, size and configuration of the Districts. Within thirty days following a District revision, and at least thirty days before the next annual member meeting, the Cooperative must notify, in writing, members affected by the District revision. District revisions are effective on the date the Cooperative releases written notice of the District revision. A District revision may not: (1) increase an existing Director's Term; or (2) unless the affected Director consents in writing, shorten an existing Director's Term.

Section 5. Elections

One Director shall be elected from each District at a meeting of the members of such District called for that purpose on a date which shall not be less than 15 days nor more than 45 days prior to the expiration of the term of office of the Director in such District and prior to the

annual meeting of the members provided for in Section 1, Article III, such meeting to be known as District Membership meeting.

It shall be the duty of the Board of Directors to call and set the date of such District Membership meeting and to appoint, not less than 45 days nor more than 90 days before said date, a committee on nominations consisting of not less than three nor more than seven members residing in the District. No member of the Board of Directors may serve on such committee. The committee shall nominate one or more qualified members residing in said District, as Director. Any 25 or more members of the District, acting together, may present to the Cooperative an additional nomination in writing over their signatures, not less than twenty (25) days prior to the date of the District Membership meeting. The Secretary shall verify the qualifications of any nominations and cause such nominations to be part of any written ballot and to be included in any official notice of the District Membership meeting.

When the Board of Directors shall have set a date for the election of a Director in a District, the Secretary of the Cooperative shall send a notice to each member residing in said District of the date and place in said District of holding said election, said notice to be mailed not less than seven days before said election, and the notice shall also contain the name of all Director nominees to be voted on at said election.

One percent of the members of the District shall constitute a quorum at the District Membership meeting. If less than a quorum is present at any District Membership meeting, a majority of those present in person may adjourn the meeting from time to time without further notice, provided the Secretary shall notify any absent members of the time and place of such adjourned meeting.

Each member present and in person at the District Membership meeting shall be entitled to one vote. The Board may appoint any member of the Board of Directors to act as the Chairman and preside over any District Membership meeting. If the Board fails to appoint, or the appointed chairman is unable to attend, a Chairman may be selected from the members present.

A secretary for said meeting may be furnished by the Cooperative or selected by the members present, which Secretary shall record the proceedings of said meeting.

The Chairman, after selection of a Secretary as provided for herein, and the determination of the presence of a quorum, shall inform the meeting of any nominations by the committee and any nominations by petition for District Director. The meeting shall then proceed to the holding of an election of a Director for the District.

Upon voting for the nominees the one receiving a majority of votes cast by those present and qualified shall be declared by the Chairman to be the Director and shall be presented to the annual meeting of the Cooperative. The newly elected Directors shall take office following presentation at the annual meeting.

In the event there are three or more nominees for Director, and no nominee receives a majority of the votes cast in the first balloting, then the two nominees who receive the greatest number of votes shall be immediately voted upon and the one receiving the higher number of votes in the second balloting shall be declared the Director and presented as hereinabove provided.

In the event of a tie vote in the first and subsequent balloting, those nominees tied with the highest number of votes shall be voted upon at successive balloting until one of said nominees receives the majority of the votes cast, failing in which the Chairman in his discretion may recess the meeting to subsequent date not later than two weeks, at which time the balloting may be resumed until a nominee is elected Director. District Membership shall be given notice of the time and place of the recessed meeting.

The good faith, inadvertent, and unintended failure of a member to receive notice of a District Membership meeting does not affect an action taken at the District Membership meeting.

Section 6. Vacancy

Should a Director move his place of residence from his voting District, or should otherwise become disqualified as a Director because

of any provision of eligibility set forth in Section 2, Article IV hereof, a vacancy in his office shall be declared by the Board of Directors and a Director of said District shall be named by a majority vote of the Directors to fill the unexpired term. Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term.

Section 7. Resignation

A Director may resign at any time. To resign, a Director must sign and deliver a written notice of resignation to the Board, President, or Secretary. The resignation will become effective when approved by a majority of the Board of Directors; whereupon a vacancy in that office shall be declared by the Board of Directors and a successor may be named by the Board of Directors as herein above provided.

Section 8. Removal of Directors by Members

Any member may bring one or more charge(s) for cause against any one or more directors and may request the removal of such directors by reason thereof by filing with the Secretary such charge(s) in writing together with petition signed by not less than ten percent (10%) of the total membership of the Cooperative and with signatures dated not more than 30 days before the date such petition is presented, which petition shall call for a special member meeting thereon. Each page of the petition shall, in the forepart thereof, state the name(s) and addresses of the member(s) filing such charge(s) and a verbatim statement of such charge(s) and the name(s) of the directors against whom such charge(s) is (are) being made. The petition shall be signed by each member in the same name as the member is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. After validating said petition, the Board of Directors shall set the date, time and place for such special member meeting, but less than 40 days after filing of such petition with the Secretary

of the Cooperative. Verbatim notice of such charge(s), the name(s) of the directors against whom the charge(s) have been made and of the member(s) filing the charge(s) shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) nor more than twenty-five (25) days prior to the member meeting at which the matter will be acted upon. After the petition has been validated, such Director(s) shall be notified in writing of the charge(s). Such notice shall be at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered. At the special member meeting the member(s) bringing the charge(s) and the Director(s) being charged shall have an opportunity to be heard in person, by witnesses or by counsel or by any combination thereof, and to present evidence relevant to the charge(s). The member(s) bringing the charge(s) shall be heard first and the Director(s) being charged shall have the right to respond. The question of the removal of such Director(s) shall, separately if more than one has been charged, be considered and voted upon at such meeting. A two-thirds (2/3) majority vote of the votes cast shall be required to remove a Director. Any vacancy created by such removal shall be filled by a majority vote of the members at such meeting. Nominations to fill such vacancy shall be made from the floor. All nominees for such vacancy shall be duly qualified as provided in these bylaws under Section 2 of this Article. The newly elected Director shall serve the unexpired portion of the removed Director's term.

Section 9. Compensation

As determined or approved by the Board of Directors, the Cooperative may provide certain insurance benefits and pay or reimburse Directors a fixed fee and expenses for attending a: (1) Board Meeting; (2) function, meeting, or event involving or relating to the Cooperative; or (3) function, meeting, or event involving, relating to, or reasonably enhancing the Director's ability to serve in, the role of Director. The Board must determine or approve the manner, method, and amount of any Director benefits, fee or expense. In consideration for serving as

a Director, as determined by the Board, and without granting a Director or former Director a contract or other right, the Cooperative may reasonably provide certain insurance benefits to, a Director after the Director ceases serving as a Director. After a Director ceases serving as a Director, the Board must determine or approve, and may change or eliminate for any reason, the manner, method, and amount of any benefits provided to the former Director.

Section 10. Indemnification

- (a) Each director, officer, or employee of the Cooperative now or hereafter serving as such, shall be indemnified by the Cooperative against any and all claims and liabilities, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Cooperative) to which he has or shall become subject by reason of any action alleged to have been taken, omitted, or neglected by him, while serving as such, if he acted in good faith and in such manner that he reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceedings, he had no reasonable cause to believe his conduct was unlawful; every director, officer or employee shall be indemnified against all expenses, court costs, expert witness fees, attorney fees, judgments, fines and amounts paid in settlement or satisfaction of judgment, actually or reasonably incurred by him in connection with such action, suit or proceeding, provided such director, officer, or employee was acting within the scope of his employment at the time the claim arose.
- (b) The Cooperative may purchase and maintain insurance on behalf of any person who is or was a director, officer, or employee, against any liability asserted against him/her in any such capacity as stated in the immediately preceding subparagraph (a).

Indemnification by the Cooperative will cover all amounts above and beyond policy coverages or items not included in coverages.

- (c) The right of indemnification hereinabove provided shall not be exclusive of any rights to which any director, officer, or employee of the Cooperative may be entitled by law.

ARTICLE V

Meeting of Directors

Section 1. Regular Meetings

A regular meeting of the Board shall be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board of Directors. Such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof. An organizational meeting of the Board shall be held without notice, immediately after the annual meeting of the members.

Section 2. Special Meetings

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

Section 3. Notice of Board Meeting

Written notice of the date, time, and location of any special meeting of the Board shall be delivered to each Director, at least three days' prior to such meeting date, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Director at his address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 4. Quorum

A majority of the Board of Directors shall constitute a quorum, provided, that if less than such majority of the Directors is present at said meeting, a majority of the directors present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent Directors of the time and place of such adjourned meeting. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided in these bylaws.

ARTICLE VI

Officers

Section 1. Number

The officers of the Cooperative shall be a President, Vice-President, Secretary, Assistant Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office

The Board shall elect officers: (1) at the organizational meeting of the Board immediately following the annual meeting of the members; and (2) by affirmative vote of a majority of Directors in office. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

Section 3. Removal of Officers by Directors

Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. In addition,

any member of the Cooperative may bring charges against an officer, and by filing with the Secretary such charges in writing together with a petition signed by ten percent of the members may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least five days prior to the Board meeting at which the charges are to be considered and shall have the opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity.

In the event the Board does not remove such officer, the question of his removal shall be considered and voted upon at the next meeting of the members.

Section 4. President

The President shall:

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

Section 5. Vice President

In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting shall have all the powers of and be

subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 6. Secretary

The Secretary shall be responsible for:

- (a) keeping minutes of the meetings of the members and of the Board of Directors in books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these bylaws or as required by law;
- (c) 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 provision of these bylaws;
- (d) keeping a register of the names and post office addresses of all members;
- (e) keeping on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative containing all the 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 bylaws and of all amendments thereto to any member upon request; and
- (f) in general performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Assistant Secretary

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

Section 8. Treasurer

The Treasurer shall be responsible for:

- (a) the 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 monies in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) 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 him by the Board of Directors.

Section 9. Manager

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

Section 10. Bonds of Officers

The Treasurer and any other Cooperative Director, officer, employee, or representative handling, or having responsibility for custody of, the Cooperative's funds or property shall be bonded in such sum and with such surety as the Board shall determine.

Section 10. Compensation

The powers, duties and compensation of officers and employees shall be fixed by the Board of Directors, subject to the provisions of these bylaws with respect to compensation for Directors and close relatives of Directors.

Section 11. Reports

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

ARTICLE VII

Non-Profit Operation

Section 1. Interest or Dividends on Capital Prohibited

The Cooperative shall at all times be operated on a cooperative, non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

Section 2. Patronage Capital in Connection with Furnishing Electric Energy

Not inconsistently with Florida Statutes Section 425.21, in the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account: PROVIDED, that the individual notices of such amounts furnished to each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and

determine for himself the specific amount of capital so credited to him. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of members. If, at any time prior to the dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the Board of Directors may retire, in full or in part, the capital then credited to the patrons' accounts provided, however, that no retirement shall be authorized or made if such will be inconsistent with requirements of any then current note, mortgage or loan agreement; and provided, also, that no partial retirement shall be made in an amount of less than one dollar (\$1.00).

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

Notwithstanding any other provisions of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any natural patron, if the legal representatives of his estate

shall request in writing that the Capital Credits of any such natural patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credits to any such natural patron immediately upon such terms and conditions as the Board of Directors, acting under policies of general application, and the legal representatives of such natural patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

No member of the Cooperative shall be entitled to receive a cash retirement of Capital Credits if the records of the Cooperative show an uncollected debt against that member. Such cash refunds shall be applied to these uncollected debts whether or not the Statute of Limitations has run against such indebtedness.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions.

Section 3. Assignment and Gift by Failure to Claim

Notwithstanding any other provision of the bylaws, if any patron or former patron fails to claim any cash retirement of Capital Credits or other payment from the Cooperative within three years after payment of the same has been made available to him by notice or check mailed to him at his last address furnished by him to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such patron of such Capital Credits or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such patron or former patron to cash any check mailed to him by the Cooperative at the last address furnished by him to the Cooperative. The assignment and gift provided for under this section shall become effective only

upon the expiration of three (3) years from the date when such payment as made available to such patron or former patron without claim therefore and only after the further expiration of sixty (60) days following the giving of a notice by mail and publication that unless such payment is claimed within said sixty (60) day period, such gift to the Cooperative shall become effective. The notice by mail herein provided for shall be one (1) mailed by the Cooperative to such patron or former patron at the last known address and the notice by publication shall be two (2) consecutive insertions in a newspaper circulated in the service area of the Cooperative, which may be a Cooperative publication mailed to each patron or former patron. The sixty (60) day period following the giving of such notice shall be deemed to terminate sixty (60) days after the mailing of such notice or sixty (60) days following the last date of publication thereof, whichever is later.

ARTICLE VIII

Disposition of Property

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all or any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds of all of the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors 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, and wherever

situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to secure any indebtedness the Cooperative to any bank, financial institution, corporation or person lending money or credit to such Cooperative.

ARTICLE IX

Seal

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words “Corporate Seal, Florida”.

ARTICLE X

Financial Transactions

Section 1. Contracts

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

Section 2. Checks, Drafts, Etc.

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

Section 3. Deposits

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

Section 4. Fiscal Year

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

ARTICLE XI

Miscellaneous

Section 1. Membership in or Ownership of Other Organizations

The Directors shall have full power and authority on behalf of the Cooperative to purchase or otherwise receive stock in or to become a member of, any corporation or cooperative organized on a non-profit or for-profit basis so long as:

- (a) The ownership or membership is not inconsistent with the general goals and purposes of the Cooperative;
- (b) The purchase of stock in such other organization will not put the Cooperative at risk beyond the amount of the original purchase price of the stock; and
- (c) The ownership of such stock or the income derived therefrom, does not cause the Cooperative to lose its tax exempt status, or its status as a rural electric cooperative for funding purposes.

Section 2. Waiver of Notice

Any member or Director may waive in writing any notice of a meeting required to be given by these bylaws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director, except in case a member

or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

Section 3. Policies, Rules and Regulations

The Board of Directors shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the articles of incorporation, or these bylaws, as it may deem advisable for management, administration and regulation of the business and affairs of the Cooperative.

Section 4. Accounting System and Reports

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. The Board of Directors shall also, after the close of each fiscal year, cause to be made by a Certified Public Accountant an audit, in compliance with federal regulations 7 CFR 1773.3, 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 available at the headquarters office in Wauchula for any member to review during normal working hours.

Section 5. Area Coverage

The Board of Directors shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative's service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII

Rules of Order

Parliamentary procedure at all meetings of the members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

ARTICLE XIII

Amendments

These bylaws may be altered, amended or repealed by the affirmative vote of a majority of the votes cast by the members at any regular or special member meeting provided but only if the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.

