

BY-LAWS

“Neighbors Working
for Neighbors

P.O. Box 519
Moore Haven, Florida 33471

(863) 946-6200

Our Values:

We embrace the 7 Cooperative Principles and operate
With integrity and a spirit of continuous improvement

Our Vision:

We seek to understand and effectively respond
To the needs of our members

Our Mission:

To provide exceptional service

G LADES
Electric Cooperative, Inc.

“Neighbors Working for Neighbors”

Your Touchstone Energy® Cooperative



**By-Laws
Glades Electric Cooperative**

**ARTICLE I
MEMBERSHIP**

Section 1: Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof may become a member of GLADES ELECTRIC COOPERATIVE, INC. (hereinafter called the "Cooperative") by:

- A. Filing a written application for membership therein;
- B. Agreeing to purchase from the Cooperative electric energy as hereinafter specified;
- C. Agreeing 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 of Trustees, and;
- D. No member may hold more than one membership in the Cooperative and no membership in the Cooperative shall be transferable except as provided in these By-Laws.

Section 2: Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees. Such certificates shall be signed by the President and by the Secretary of the Cooperative, or facsimiles signature(s), and the Corporate Seal shall be affixed thereto. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board of Trustees may prescribe.

Section 3: Joint Membership. Spouses of any marriage recognized by the State of Florida may apply for joint membership, and subject to their compliance with the requirements set forth in Section 1 of this article, may be accepted for such membership. The term "member" as used in these By-Laws shall be deemed to include spouses 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 holders of a joint membership shall be as follows:

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.

- A. The vote of either separately or both jointly shall constitute one joint vote;
- B. A waiver of notice signed by either or both constitutes a joint waiver;
- C. Notice to either shall constitute notice to both;
- D. Expulsion of either shall terminate the joint membership;
- E. Withdrawal of either shall terminate the joint membership;
- F. Either, but not both, may be elected or appointed as an officer or Trustee, provided that both meet the qualifications for such office.

Section 4: Conversion of Membership.

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

Section 5: Deleted

Section 6: Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electrical energy used on the premises specified in his/her application for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Trustees. 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. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees from time to time. Each member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

- B. Each member shall receive, at no additional charge, a subscription to a publication or newsletter containing Rural Electric Cooperative News. If more than one publication is available, the Board shall determine which publication the members will receive.

Section 7: Termination of Membership.

- A. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees of the Cooperative may prescribe. The Board of Trustees of the Cooperative may by the affirmative vote of not less than two-thirds of all Trustees, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws or rules and regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of 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. 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 of Trustees.

- B. Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate and the membership certificate of such member shall be forthwith cancelled of record by the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

Section 1: Property Interest of Members. Upon dissolution, after:

- A. All debts and liabilities of the Cooperative shall have been paid, and;
- B. All capital furnished through the patronage shall have retired as provided in these By-Laws, and;
- C. 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 seven years next preceding the date of the filing of the certificate of dissolution.

Section 2: Non-liability for the Debts of the Cooperative. The private property of the members shall be exempt from execution of other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETINGS OF MEMBERS

Section 1: Annual Meeting. The annual meeting of the members shall be held in March or April of each year at such place in a county served by the Cooperative as shall be selected by the Board of Trustees and designated in the notice of the meeting for the purpose of electing Trustees, 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 of Trustees to make adequate plans and preparations for the annual meeting. The date and hour for each such annual meeting to be fixed by the Trustees not later than the month of February, prior thereto. It shall not be a Sunday or legal holiday. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2: Special Meetings. Special meetings of the members may be called by resolution of the Board of Trustees, or upon a written request signed by any three Trustees, by the President, or by ten percentum or more of the members, 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 of Trustees and shall be specified in the notice of the special meeting.

Section 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 seventy-five days before the date of the meeting, by or at the direction of the Secretary or by the person calling the meeting, to each member. Notice may be made by mail, by notice in a newspaper of general circulation in the counties served by the Cooperative or by notice in any publication which Cooperative members receive as a result of their membership in the Cooperative. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his/her address as it appears on the records of the Cooperative with postage thereon prepaid. The failure of any member to receive notice of an annual meeting or special meeting shall not invalidate any action which may be taken by the members at any such meeting.

Section 4: Quorum. One percentum of the members, present in person, 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, unless adjourned until the next annual meeting.

Section 5: Voting. Each member shall be entitled to only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of the majority of the members voting thereon in person except as otherwise provided by law, the Articles of Incorporation or these By-Laws.

Section 6: Order of Business. The order of business at each annual meeting of the members and so far as possible at all other meetings of the members shall be essentially as follows:

1. Report as to which members are present in person in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and publication or mailing as the case may be;
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. Presentation and consideration of reports of officers, Trustees and committees;
5. Election of Trustees;
6. Unfinished Business;
7. New Business;
8. Adjournment.

ARTICLE IV TRUSTEES

Section 1: General Powers. The business and affairs of the Cooperative shall be managed by a Board of nine Trustees which shall exercise all the powers of the Cooperative except such as are by law, the Articles of Incorporation or the By-Laws conferred upon or reserved to the members.

Section 2: Election and Tenure of Office. The persons elected as Trustees shall compose the Board of Trustees. Trustees shall be elected by secret ballot at each annual meeting of the members, by and from the members to serve until the annual meeting at which their respective terms expire, or until their successors shall have been elected and shall have qualified. At the annual meeting of the members in 1953, nine Trustees were elected in accordance with the provisions of these By-Laws. Three of said Trustees to serve for three years, three for two years, and three for one year, and thereafter, only three Trustees shall be elected at each annual meeting for a term of three years. The foregoing provisions of this section shall not change or affect the provisions of these By-Laws with respect to nomination and election by districts and for the annual meeting of the members beginning with the year 1954. Nominations for such elections shall be made only for and from those respective districts in which the Trustees then reside whose terms are expiring with such annual meeting. If an election of Trustees shall not be held on the day designated for the annual meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Trustees may be elected by a plurality vote of members. In the event of a tie vote between an incumbent Trustee and any opposition candidate, the incumbent shall retain the position.

The Board of Trustees shall divide the territory served or to be served by the Cooperative into districts for the purpose of nominating Trustees. The Board shall periodically review the composition of the districts and make such modifications, if any, as the Board deems necessary to assure reasonable representation of the members on the Board. The Board may take into consideration when drawing District lines, such things as natural boundaries, common community interests, size and configuration of the Districts, in addition to the number of members residing in the District.

Section 3: Qualifications. For a person to be qualified to become or remain a Trustee of the Cooperative, they must:

- A. Be a natural person or individual and be a member of the Cooperative for at least 12 months, maintain their primary residence in the district which the Trustee 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 Relative employed by the Cooperative (the word "Relative" shall be a defined word as used in these By-Laws and shall mean: children or their spouses, grandchildren or their spouses, husband, wife, sister, brother, parents, 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 or any entity controlled by the Cooperative or an entity in which the Cooperative owns a majority interest and must not have been employed by the Cooperative for a period of five years before becoming a Trustee, and no Trustee may become an employee of the Cooperative or any entity controlled by the Cooperative or an entity in which the Cooperative owns a majority interest for a minimum of five years after leaving the Board of Trustees;
- E. Attend at least three-fourths of the regular monthly Board meetings during any twelve-month period beginning with the first month the Trustee takes office unless the failure to attend a meeting is excused by Board action.
- F. Not been convicted of a felony or any misdemeanors involving dishonesty;
- G. Subjected to a criminal background check administered by the Cooperative;
- H. Subjected to and passed the initial drug screenings administered by the Cooperative for its employees;
- I. Subjected to a credit check performed by the Cooperative without evidence of a history of financial irresponsibility; and
- J. Is a member in good standing of the Cooperative without any disconnections for non-payment of utility services within the last five (5) years.

All persons desiring eligibility to become or remain a Trustee shall be required to (1) execute a document that affirms compliance with the qualifications as stated in this Article IV, Section 3 of these By-Laws, and (2) provide a release for the Cooperative to investigate and acquire reports necessary to affirm such compliance in order to be deemed qualified.

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

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

Section 4: Nominations. It shall be the duty of the Board to appoint, not less than sixty (60) nor more than one hundred forty (140) days prior to the date of a meeting of the members at which trustees are to be elected, a Committee on nominations consisting of not less than five (5) nor more than eleven (11) members of the Cooperative who are not existing Cooperative employees, agents, officers, trustees or known candidates for trustee, who are not close relatives or members of the candidates for trustee, who are not close relatives or members of the same household thereof, and who are so selected to that at least two members from each district from which a trustee is to be elected are members of the nominated committee. The Committee shall prepare and post at the principal office of the Cooperative at least forty-five (45) days before the meeting a list of nominations for trustees to be elected. The Committee may include as many nominees for any trustee to be elected as it deems desirable. Any fifteen (15) or more members of the Cooperative, acting together, may make additional nominations in writing over their signatures, not less than sixty (60) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail to the members with notice of the meeting, or separately, but at least five (5) days prior to the date of the meeting, a statement of the names and addresses of all nominees, showing clearly those nominated by the Committee and those nominated by petition, if any. At the member meeting, no nominations may be made from the floor except that such nominations may be made and shall be allowed for any trustee position to be filled for which there would not otherwise be any eligible nominee. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Trustees after the election of Trustees.

Section 5: Removal of Trustees by Members. Any member may bring one or more charge(s) for cause against a Trustee by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten percent (10%) of the total membership, which petition shall call for a special membership meeting thereon. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s) and a verbatim statement of such charge(s) and the name of the Trustee 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 that appears on such billings. After validating said petition, the Board of Trustees shall set the date, time and place for such special membership meeting, not less than 40 days after filing of such petition with the Secretary of the Cooperative unless an annual membership meeting is scheduled within 90 days after such filing. If an annual membership meeting is scheduled within 90 days, then the petition for removal of the Trustee shall be acted upon at the annual meeting. Verbatim notice of such charge(s), the name of the Trustee against whom the charge(s) has 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 membership meeting at which the matter will be acted upon. After the petition has been validated, such Trustee 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) is to be considered. At the special membership meeting the member(s) bringing the charge and the Trustee 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 Trustee being charged shall have the right to respond. The question of the removal of such Trustee shall be voted upon at such meeting. A two-thirds (2/3) majority vote of the votes cast shall be required to remove a Trustee. 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 must be duly qualified to serve as Trustee. The newly elected Trustee shall serve the unexpired portion of the removed Trustee's term. All votes for removal and/or filling any vacancy shall be by secret ballot.

Section 6: Vacancies. Subject to the provisions of these By-Laws with the respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring on the Board of Trustees shall be filled by the affirmative vote of the majority of the remaining Trustees for the unexpired portion of the term.

Section 7: Compensation. Trustees shall not receive any salary or other financial benefits for their services except that members of the Board may by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business. Such as attendance at meetings, conferences and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board members shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Board member or his close relative shall have been certified by the Board as an emergency measure. The Board shall terminate such services immediately when the emergency ceases to exist.

Section 8: Indemnification.

- A. Each Trustee, officer, or general manager, staff and such employees as the Board deems appropriate of the Cooperative now or hereinafter 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 a 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 proceedings, he had no reasonable cause to believe his conduct was unlawful; every Trustee, officer or general manager, staff and such employees as the Board deems appropriate 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 proceedings, provided such Trustee, officer or general manager, staff and such employees as the Board deems appropriate 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 trustee, officer, general manager, or assistant general manager, staff and such employees as the Board deems appropriate, 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 Trustee, officer, general manager or assistant general manager, staff and such employees as the Board deems appropriate, of the Cooperative may be entitled by law.

**ARTICLE V
MEETING OF TRUSTEES**

Section 1: Regular Meetings. An organizational meeting of the Board shall be held as soon after the annual meeting of the members as practical. The President of the Board shall determine the time and place of the organizational meeting and shall give personal notice to the Board members at the annual meeting.

A regular meeting of the Board shall be held monthly at such time and place within a county served by the Cooperative, as the board may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 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 Trustees calling the meeting shall fix the time and place for the holding of the meeting.

Section 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 not less than five days previous thereof, either personally or by mail or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President of 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 his address as it appears on the records of the Cooperative, with postage thereon prepaid.

Section 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, majority of the Trustees present may adjourn the meeting from time to time, and provided further, that the Secretary shall notify any absent Trustee 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.

ARTICLE VI OFFICERS

SECTION 1: Number. The officers of the Board of Trustees shall be 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 the Secretary and of Treasurer may be held by the same person.

Section 2: Election and Term of Office. The officers shall be elected by ballot, annually by and from the Board of Trustees at the meeting of the Board of Trustees held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Trustees 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 Trustees for the unexpired portion of the term.

Section 3: Removal of Officer 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 interest 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 either three percentum of the members, or 300 members, whichever is the less, may request the removal of such officer. The officers against whom charges have been brought shall be informed in writing of the charges at least ten days prior to the Board meeting at which time the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against 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 presiding officer of the Board of Trustees 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 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 powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform other duties as from time to time may be assigned to him by the Board of Trustees.

Section 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 one or more books provided for that purpose;
- B. Seeing that all notices are duly given in accordance with these By-Laws as required by law;
- C. Being custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all certificate of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative authorized in accordance with the provisions of these By-Laws;
- D. Keeping a register of the names and post office address of all members;
- E. Deleted;
- F. Having general charge of the books of the Cooperative;
- G. Keeping on file at all times a complete copy of the Articles of Incorporation, By-Laws, rules and regulations of the Cooperative and Boar policies containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative forward a copy of the By-Laws and of amendments thereto to each member;
- H. 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 Trustees.

Section 7: Treasurer. Treasurer shall be responsible for:

- A. Having charge and custody of and be responsible for 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 Bank or Banks as shall be selected in accordance with the provisions of these By-Laws, and;
- C. In general performing all 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 Trustees.

Section 8: Manager. The Board of Trustees shall appoint a manager who shall become a member of the Cooperative as soon as practical after such appointment. The manager shall have such titles and shall perform such duties and shall exercise such authority as the Board of Trustees may from time to time vest in the manager.

Section 9: Bonds of Officers. The Treasurer or any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board 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 10: Compensation. The powers, duties and compensation of 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 relatives of Trustees.

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 DISPOSITION OF REVENUES AND RECEIPTS

Section 1: Apportionment of Excess Revenues. Florida law provides that revenues of the Cooperative for any fiscal year in excess of the amount thereof necessary:

1. To defray expenses of the Cooperative and of the operation and maintenance of its facilities during such fiscal year;
2. To pay interest and principal obligations of the Cooperative coming due in such fiscal year;
3. To finance, or to provide a reserve for the financing of, the construction or acquisition by the Cooperative of additional facilities to the extent determined by the Board of Trustees;
4. To provide a reasonable reserve for working capital;
5. To provide a reserve for the payment of indebtedness of the Cooperative maturing more than 1 year after the date of the incurrence of such indebtedness in an amount not less than the total of the interest and principal payments in respect thereof required to be made during the next following fiscal year ; and
6. To provide a fund for education in cooperation and for the dissemination of information concerning the effective use of electric energy and other services made available by the Cooperative shall, unless otherwise determined by a vote of the members, be distributed by the Cooperative to its members as patronage refunds in accordance with the patronage of the Cooperative by the respective members paid for during such fiscal year. Nothing herein contained shall be construed to prohibit the payment by the Cooperative of all or any part of its indebtedness prior to the date when the same shall become due. In accordance with this law, the membership has voted to allow the Board of Trustees, in its discretion and business judgment, to allocate and retire capital credits as set forth in Section 3 herein. To the extent the membership disagrees with the decisions of the Board of Trustees with respect to capital credits, the sole remedies of the members are to either petition the Board to change its vote or to vote in a new Board of Trustees.

Section 2: 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 3: Patronage Capital in Connection with Furnishing Electric Energy. In the furnishing of electric energy, the Cooperative's operations shall be conducted so that all members will, through their patronage, furnish capital for the Cooperative to operate economically, which benefits the Cooperative's members. In order to induce patronage and to assure that the Cooperative will operate successfully and on a non-profit basis, the Cooperative will account on a patronage basis to all of its members for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of the operating cost and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the members as capital. Such amounts are not the same as "excess revenue" as determined under Florida law (as described in Section 1, above). The Cooperative will allocate a credit to a capital account for each member to the extent of all such amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses attributable to each such member. 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, furnished by each member is clearly reflected and credited in an appropriate record to the capital account of each member, and the Cooperative may within a reasonable time after the close of the fiscal year notify each member of any change in the amount of capital so credited to his or her account. 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 and the member had then furnished the Cooperative corresponding amounts for capital.

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 Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to the members may, in the discretion of the Board, be retired in full or in part. The Board shall have the discretion in the exercise of its business judgment to determine the manner, method, and timing of retiring capital credits.

- A. Retirement of capital credits is the actual payment, as provided by subsection (B), of patronage capital to the Cooperative members to whom it has previously been allocated. The Board may, in its discretion, utilize its business judgment to retire patronage capital as allocated on the books of the Cooperative so long as the retirement is consistent with sound business and management practices and the financial stability of the Cooperative will not be impaired thereby if the Board, in its discretion, utilizes its business judgment to retire patronage capital to members either upon their death, termination of electric service, or bankruptcy, then the retirement may be discounted in the exercise of the Board's business judgement.
- B. When the Board has determined, pursuant to subsection (A), that patronage capital shall be retired, the retirement may be accomplished by a bill credit or by the mailing of payment or notice of payment to the person's last known address of record on file with the Cooperative. No interest shall be paid or payable by the Cooperative on any patronage capital furnished by its members. Any indebtedness to the Cooperative by a members shall be deducted from the retirement which he or she would otherwise receive had such member not been indebted to the Cooperative.

Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such member's premises served by the Cooperative unless the Board, in its discretion and business judgment, shall determine otherwise.

The Board of Trustees in its discretion shall have the power at any time upon the death of any member, if the legal representative of his or her estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to retire capital credited to any such member immediately upon such terms and conditions as the Board of Trustees in its discretion and business judgment and the legal representatives of such member's estate shall agree upon provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Board of Trustees in its discretion shall have the power at any time upon the recognition of uncollectable debt on a terminated membership to retire capital credited to any such terminated membership using its discretion and business judgment prior to the time such capital would otherwise be retired under the provisions of these By-Laws, provided however the financial condition of the Cooperative will not be impaired thereby.

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 contracts as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws shall be called to the attention of each member of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Section 4: Deleted

Section 5: Notwithstanding any other provision of the By-Laws or other provisions of the membership certificate, if any member or former member 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 or her by notice or check mailed to the last address furnished to the Cooperative, such failure shall be and constitutes an irrevocable assignment and gift by such member or former member of such capital credit or other payment to the Cooperative. Failure to claim any such payment within the meaning of this section shall include the failure by such member or former member to cash any check mailed to the member or former member by the Cooperative at the last address furnished by the member or former member 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 was made available to such member or former member without claim therefore and only after publication of notice that unless such payment is claimed within sixty (60) days following the giving of such notice, such gift to the Cooperative shall become effective. The notice by publication shall be two (2) consecutive insertions in a newspaper circulated in the service area of the Cooperative, or in two (2) consecutive publications of the Cooperative's newsletter. The sixty (60) day period following the giving of such notice shall be deemed to terminate sixty (60) days following the last date of publication. The notice by publication shall advise members or former members who have failed to claim any cash retirement of capital credits for the said three (3) year period to log on to the Cooperative's official website for details concerning the method of claiming their retired capital credits. The Cooperative's official website shall list all members or former members who have unclaimed capital credits and provide them with necessary information to claim their capital credits. The names and information shall remain on the Cooperative's website for sixty (60) days after the date of the last publication.

ARTICLE VIII DISPOSITION OF PROPERTY

The Cooperative may not sell, mortgage, lease or otherwise dispose of or encumber all of any substantial portion of its property unless such sale, mortgage, lease or other disposition or encumbrance is authorized at a duly held meeting of the

members thereof by the affirmative vote of two-thirds of all the members of the Cooperative, and unless the notice as such proposed sale, mortgage, lease or disposition or encumbrance shall have been contained in the notice of the meeting provided, however, that notwithstanding anything therein 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 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 incomes therefrom, all upon such terms and conditions as the Board of Trustees 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 of the Cooperative to any bank, financial institution, Cooperative or person lending money or credit to this 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 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 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 office 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 3: Deposits. All funds of the Cooperative except petty cash shall be deposited from time to time to the credit of the Cooperative in such bank(s) or financial institutions as the Board of Trustees 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 Other Organizations. The Trustees shall have full power and authority on behalf of the Cooperative to purchase stock in or to become a member of, or form a subsidiary corporation or cooperative on a for profit or non-profit basis for the purpose of engaging in rural electrification and other services that improve the quality of life in rural areas.

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

Section 3: Rules and Regulations. The Board of Trustees shall have power to make and adopt such rules and regulations not inconsistent with Law, the Articles of Incorporation or these By-Laws as it may deem advisable for the management of the business and affairs of the Cooperative.

Section 4: Accounting System and Reports. The Board of Trustees 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 systems 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 Trustees shall after the close of each fiscal year cause to be made by a Certified Public Accountant firm a full and complete audit of the account books, and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following meeting.

Section 5: Area Coverage. The Board shall make diligent effort to see that electric 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.

Section 6: Dispute Resolution. Unless otherwise prohibited by law, any controversy or claim arising out of or relating to these By-Laws, or the breach thereof, or any controversy or claim arising out of or relating to patronage capital shall be resolved and determined by binding arbitration. Except as otherwise provided herein, arbitration shall be governed by the provisions of the Federal Arbitration Act, 9 U.S.C. §1, et seq. The arbitration shall be held in the State of Florida at a location to be designated by the party not making the initial demand for arbitration. A judgement on the award rendered by the arbitrator shall be entered in any court having jurisdiction thereof.

The parties also agree to (i) waive any right to pursue a class action arbitration, or (ii) to have an arbitration under this agreement consolidated with any other arbitration or proceeding. The parties agree that any dispute to arbitrate must be brought in an individual capacity, and not as a plaintiff or class member in any purported class or representative capacity. If any part of this arbitration clause, other than waivers of class action rights, is found to be unenforceable for any reason, the remaining provisions shall remain enforceable. If a waiver of class action and consolidations rights is found unenforceable in any action in which class action remedies have been sought, this entire arbitration clause shall be deemed unenforceable. It is the intention and agreement of the parties not to arbitrate class actions or to have consolidated arbitration proceedings. Should the parties have a dispute that is within the jurisdiction of the small claims courts of the County Courts of the State of Florida, such dispute may be resolved at the election of either party in small claims court rather than through arbitration. If the arbitration clause is deemed unenforceable or the parties otherwise litigate a dispute in court, the parties agree to waive any right to a trial by jury in any proceeding brought to court.

**ARTICLE XII
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. All By-Law changes shall be proposed by the Board and decided by a vote of a majority of the members voting thereon in person.

**ARTICLE XIII
RULES OF ORDER**

Unless the Board determines otherwise, and to the extent consistent with law, the Articles of Incorporation and these By-Laws, all Member meetings, Board meetings, member committee meetings and Board committee meetings are governed the latest edition of ***Roberts Rules of Order***.