

CHELCO BYLAWS

ARTICLE I

MEMBERSHIP

SECTION 1. Requirements for Membership.

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

- (a) Made a written application for membership therein;
- (b) Agreed to purchase from the cooperative electric energy as hereinafter specified;
- (c) Agreed to comply with and be bound by the articles of incorporation and bylaws of the Cooperative and any 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 no membership in the Cooperative shall be transferable, except as provided in these bylaws.

*The word "Board" is used herein to refer to the Board of Trustees.

SECTION 2. Joint Membership.

Two (2) or more persons or entities may apply for a joint membership and subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. If a husband or wife completes the application for membership, then the husband and wife are joint members and unless and until the husband or wife notifies the Cooperative otherwise in writing, then the husband and wife hold a joint membership. The term "member" as used in these bylaws shall be deemed to include two or more persons or entities 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) Either but not both may be elected or appointed as an officer or Board Members, provided that both meet the qualifications for such office.

SECTION 3. Conversion of Membership.

- (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and the other joint account holder(s) to comply with the articles of incorporation, bylaws and rules and regulations adopted by the Board.
- (b) Upon the death of either/or any joint account holder who is a party to the joint membership, such membership shall be held solely by the survivor, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 4. Membership Fees.

The membership fee shall be \$5.00.

SECTION 5. Purchase of Electric Energy.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used in the premises specified in his application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these bylaws. Each member shall pay to the Cooperative such minimum amount 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 6. 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 or rules or 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 10 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 of any member 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 membership fee paid by him, provided, however, that the Cooperative shall deduct from the amount of the membership the amount of any debts or obligations owed by the member to 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 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 (10) years next preceding the actual date of the filing of the certificate of dissolution, or, if the Cooperative shall not have been in existence for such period, during the period of its existence.

SECTION 2. Non-liability for Debts of the Cooperative.

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

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1. Annual Meetings.

The annual meeting of the members shall be held during the months of April-June of each year beginning with the year 1947 at such place within a county served by the Cooperative, as selected by the board and which shall be designated in the notice of the meeting, for the purpose of the electing Board Members, passing upon reports for the previous fiscal year and transacting such other business as may come before the meeting. It shall be the responsibility of the Board to make adequate plans and preparations for the Annual Meeting. Failure to hold the Annual Meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meetings.

Special meetings of the members may be called by resolution of the Board, or upon a written request signed by any three (3) of the Board Members, by the president, or by ten (10) per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative, as designated by the board, and shall be specified in the notice of the special meeting.

SECTION 3. Notice of Members Meetings.

Written or printed notice stating the place, day and hour of 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 (10) nor more than forty-five (45) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon 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 U.S. mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum.

The presence in person of at least two (2) per centum of the total members of the cooperative shall be required for the transaction of business at any meeting of the members, provided, however, that members voting by mail in an election of trustees shall be counted as present in person for the determination of a quorum as provided by law. If less than a quorum is counted in person and by mail, a majority of those present may adjourn the meeting to another time and date, not less than sixty (60) days nor more than one hundred eighty (180) days later and to any place in one of the counties in Florida within which the cooperative serves, provided, that the secretary shall notify any absent members of the time, date, and place of such adjourned meeting by delivering notice thereof as provided in Article III, Section 3. At all meetings of the members, whether a quorum be present or not, the secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who are registered as present in person.

SECTION 5. Voting.

Each member shall be entitled to only one (1) vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon unless otherwise provided by law, the articles of incorporation, or these bylaws. All voting on the election of trustees, on any motion or resolution, or any other matter submitted

to the membership, shall be by mail; however, this provision shall not apply to voting required by Article VIII of these bylaws, which voting thereon shall be in person.

When such written vote is received by mail from any member, it shall be counted as a vote of the member at such meeting if received by the cooperative or its designee not later than 5:00 P.M. on the fifth (5th) business prior to any meeting. In case of a jointly held membership, a written vote received from the owner or owners of this particular membership shall constitute one vote. No member shall be entitled to vote by proxy. The failure of any member to receive a copy of any such ballot shall not invalidate any action which may be taken at the meeting at which the ballot is to be voted. The counting of the ballots shall be by an independent Certified Public Accounting firm, Federal Banking Institution, or other independent unrelated firm or designee.

SECTION 6. Voting Districts.

The territory served or to be served by the Cooperative shall be divided into nine (9) districts, each of which shall contain as nearly as practical the same number of members. Each district shall be represented by one (1) Trustee. Not less than sixty (60) days before any meeting of members at which Trustees are to be elected, the Board of Trustees shall review the composition of the districts, and if it should be found that inequalities in representation have developed which can be corrected by a redelineation of districts, the Board of Trustees shall reconstitute the district so that each shall contain as nearly as practical the same number of members.

SECTION 7. Order of Business.

Except as otherwise provided in these bylaws, before or at an Annual, or Special Member Meeting ("Member Meeting"), the President shall determine the agenda, program, or order of business for the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, the President (1) shall preside at the Member Meeting; (2) may remove a person from the Member Meeting for unruly, disruptive, or similar behavior; and (3) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

SECTION 8. Credentials and Election Committee.

There shall be a standing Credentials and Election Committee ("C&E Committee") for Member Meetings consisting of three (3) persons.

- (a) C&E Committee Members. The C&E Committee members shall be: (1) the General Legal Counsel for the Cooperative, who shall preside as chairman of the committee; (2) the Conflict Legal Counsel for the Cooperative; and (3) a representative of the Cooperative's external auditing firm.
- (b) C&E Committee Duties. During, or within a reasonable time before or after, a Member Meeting, the C&E Committee shall consider and make recommendations to the Board to address all questions, issues, or disputes regarding: (A) member registration

and voting, including the determination of members present and the validity of mail ballots; (B) the tabulation or count of member votes, including the determination of vote results; (C) Trustee nominations; and (D) whether a Trustee nominee or newly elected Trustee satisfies the Trustee Qualifications (collectively, "Member Meeting Issues").

- (c) **Member Challenge.** A Member entitled to vote at a Member Meeting may challenge a Member Meeting Issue. Any challenge to a Member Meeting Issue must be formally filed by a member in writing ("Member Challenge") with the C&E Committee either before or within three (3) business days following the Member Meeting to which the Member Meeting Issue is applicable. No Member Meeting Issue shall be considered by the C&E Committee which is not timely filed.

Within thirty days of receiving a Member Challenge, the C&E Committee shall:

- (1) as determined by the C&E Committee, meet and receive oral or written evidence from a member, or legal counsel representing a member, directly and substantially implicated in, or affected by, the Member Challenge; and,
- (2) consider and make recommendations to the Board for disposition of the Member Challenge.

The C&E Committee may meet, consider, or decide Member Meeting Issues, or otherwise act, only if a majority of the C&E Committee members are present. A C&E Committee decision or action requires a vote of at least a majority of the C&E Committee members present. As used in this bylaw, member voting includes voting by mail ballot.

The failure of the Cooperative or the C&E Committee to act as required by this bylaw shall not, by itself, affect a vote, Trustee election, or other action taken at a Member Meeting.

ARTICLE IV

BOARD MEMBERS

SECTION 1. General Powers.

The Cooperative shall have a Board that is composed of nine (9) Trustees. Except as otherwise provided in the articles of incorporation or these bylaws, all Cooperative powers shall be exercised by the Board, or under the Board's authority. The Cooperative's activities and affairs shall be managed under the Board's direction and subject to the Board's oversight and the Board shall reasonably administer and enforce these bylaws, or shall ensure that these bylaws are reasonably administered and enforced.

SECTION 2. Qualifications and Tenure.

Trustees shall be elected by ballot of the members as required by Section 5, Article III, according to class and term as herein provided, or until their successors shall have been elected and shall have qualified. Commencing with the election of Trustees in the year 1953, they shall be divided

into three (3) classes. Class One (1) shall constitute the districts numbered 1, 7, and 9; Class Two (2) shall constitute the districts numbered 2, 4, and 6; and Class Three (3) shall constitute the districts numbered 3, 5, and 8. The seats of the Trustees of Class One shall be vacated at the expiration of the first year, of Class Two at the expiration of the second year, and of Class Three at the expiration of the third year, so that one-third may be chosen every year. Thereafter, the term of the Class expiring at the annual meeting shall be elected for a term of three (3) years. If the election of the Trustees has not been held on the day designated herein 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.

Trustee Qualifications. A Trustee or Trustee candidate must comply with this bylaw.

(a) General Trustee Qualifications. To become and remain a Trustee, a person must comply with the following general qualifications (“General Trustee Qualifications”):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) not have been previously removed or disqualified as a Trustee;
- (4) not have been previously terminated from employment with the Cooperative or a Cooperative Subsidiary or Cooperative Affiliate;
- (5) while a Trustee, and during the five (5) years immediately before becoming a Trustee, not be convicted of, or plead guilty to a felony;
- (6) before becoming a Trustee, graduate from high school or earn an equivalent degree or certification; and,
- (7) except as otherwise provided by the Board for good cause, attend at least two-thirds of all Board Meetings during each calendar year/fiscal year/twelve month period.

(b) Membership Trustee Qualifications. To become and remain a Trustee, an individual must comply with the following membership qualifications (“Membership Trustee Qualifications”):

- (1) while a Trustee and during the one (1) year immediately before becoming a Trustee:
 - (A) be a Member in Good Standing of the Cooperative;
 - (B) permanently reside, and use electric energy provided by the Cooperative, at a location within the Trustee District from which the Trustee is nominated or elected; and,
 - (C) be a member of the Member Class from which the Trustee is nominated or elected.

(c) Independence Trustee Qualifications. To become and remain a Trustee, an individual must comply with the following independence qualifications (“Independence Trustee Qualifications”):

- (1) while a Trustee and during the five (5) years immediately before becoming a Trustee, not be an employee of the Cooperative or the spouse of any such employee, or an employee, or a leased employee of an entity controlled by the Cooperative or in which the

- Cooperative owns a majority interest or the spouse of any such employee, ("Cooperative Subsidiary");
- (2) while a Trustee and during the one (1) year immediately before becoming a Trustee, not be an employee of an entity in which the Cooperative is a member or owner or the spouse of any such employee ("Cooperative Affiliate");
 - (3) while a Trustee and during the five (5) years immediately before becoming a Trustee, not receive or have an Immediate Family Member that receives more than ten percent of annual gross income, other than insurance or Trustee compensation, or retirement income, directly or indirectly from the Cooperative, a Cooperative Subsidiary, a Cooperative Affiliate, or an employee of the Cooperative or a Cooperative Subsidiary;
 - (4) while a Trustee and during the one (1) year immediately before becoming a Trustee, not advance, or have an Immediate Family Member that advances, the individual's own financial interest by competing with providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary or a Cooperative Affiliate;
 - (5) while a Trustee and during the one (1) year immediately before becoming a Trustee, not provide, or have an Immediate Family Member that provides, electric energy, and not own, lease, or rent, or have a Immediate Family Member that owns, leases, or rents, real or personal property used to provide electric energy;
 - (6) while a Trustee, not be an Immediate Family Member of a Cooperative Trustee or Cooperative employee;
 - (7) while a Trustee or a candidate for Trustee, not be the incumbent of or a candidate for an elective public office in connection with which salary or compensation in excess of One Hundred Dollars and no/100 (\$100.00) per annum is paid; and,
 - (8) while a Trustee and during the one (1) year immediately before becoming a Trustee, not be employed by, control, own more than ten percent or, serve as a trustee, director or officer of, or receive more than ten percent of annual gross income from an entity that:
 - (A) advances the entity's own financial interest by competing with the Cooperative or a Cooperative Subsidiary or Cooperative Affiliate by providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary or a Cooperative Affiliate or by providing electric energy or a good or service related to providing electric energy;
 - (B) employs more than two (2) percent of members; or,
 - (C) receives more than ten percent of its annual gross income directly or indirectly from the Cooperative or a Cooperative Subsidiary or Cooperative Affiliate or members.

Upon establishment of the fact that a Trustee is holding office in violation of any of the foregoing Trustee Qualifications, it shall immediately become incumbent upon the Board of Trustees to notify the Trustee, conduct a meeting to review the issue and make a decision regarding the removal of such Trustee from office.

Procedures for Removal of Trustee by Board. The Trustee who is subject to removal for any such violation(s) shall be informed in writing of the alleged violations at least ten (10) days prior

to the board meeting at which the alleged violations are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the alleged violations; and the person or persons bringing the charges against him shall have the same opportunity. The Trustee charged may be found in violation of the Trustee Qualifications only if by a 3/4ths majority of the entire Board of Trustees, less the member charged, finds the violation(s) to have occurred, and that the violation(s) proven had or have a material adverse effect on the business and affairs of the Cooperative. The Trustees shall be given thirty (30) days after the meeting at which the alleged violations are considered to comply with the Trustee Qualification(s) found to be violated. If the Trustee neither complies with or meets the Trustee Qualification within that timeframe he/she shall be removed from office by the Board. Any vacancy created by such removal may be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustee removed from office.

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

SECTION 3. Nomination and Election of Trustees.

(a) Nomination of Trustees. It shall be the duty of the Board of Trustees to appoint, not less than fifty-five (55) days nor more than ninety (90) days before the date of a meeting of the members at which trustees are to be elected, a committee on nomination consisting of not more than nine (9) members who shall be selected from each of the districts so as to insure equitable representation. No member of the Board of Trustees may serve on such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty (40) days before the meeting, a list of nominations for Trustees for the class to be elected at such Annual Meeting. The committee shall nominate at least one (1) candidate from each district of the class to be elected at such Annual Meeting. Any fifteen (15) or more members acting together may make other nominations by petition not less than forty-five (45) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting, or separately, but at least ten (10) days before the date of the meeting, a statement of the number of Trustees to be elected and the names and addresses of the candidates. The names shall be arranged by classes and districts, and the statement shall specify separately the nominations made by committee on nominations and also the nominations made by petition, if any. Nominations from the floor shall not be permitted. Notwithstanding anything contained in this section, failure to comply with any provisions of this section shall not affect in any manner whatsoever the validity of any election of Trustees.

(b) Election of Trustees. Election of Trustees shall be by printed, machine ballot or electronic. The ballots shall list the candidates nominated by the committee on nominations and by petition, if any, arranged by classes and districts. The candidate from each district in such class receiving the highest number of votes at such meeting shall be considered elected as Trustee.

SECTION 4. Removal of Trustees by Members.

Any member may bring charges against a trustee(s) for cause by filing such charges in writing with the Secretary, together with a petition signed by two (2) per centum of the members and request the removal of such Trustee(s) by reason thereof. The Trustee against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Trustee(s) shall be considered and voted upon within sixty (60) days of the filing of such charges, and any vacancy created by such removal shall be filled by vote of the members in accordance with the provisions of Article IV, Section 3 and Article III, Section 5.

SECTION 5. Vacancies.

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustee in respect of whom the vacancy occurs. The member elected as Trustee to fill the vacancy must reside in the same district as the Trustee to whose office he succeeds.

SECTION 6. Compensation.

Trustees as such shall not receive any salary for their services, but by resolution of the Board of Trustees, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Trustees. The Board may also 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 Member 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.

SECTION 7. Indemnification.

To the extent allowed in Florida Statutes Section 617.028: The Board of Trustees of the Cooperative shall have the power to indemnify any person who was or is a party to any proceeding, action or claim by reason of the fact that he is or was a Trustee, Manager, Officer, Employee or Agent of the Cooperative or is or was serving at the request of the Cooperative as a Trustee, Director, Manager, Officer, Employee, or Agent of another corporation, partnership, joint venture, trust or other enterprise, against liability or expenses incurred in connection with any such proceeding, action or claim, including any appeal thereof.

ARTICLE V

MEETINGS OF TRUSTEES

SECTION 1. Regular Meeting.

A regular meeting of the Board of Trustees shall be held without notice other than this bylaw, immediately after, and at the same place as, the Annual Meeting of members. A regular meeting of the Board of Trustees shall also be held monthly at such time and place in Okaloosa or Walton County, Florida, as the Board of Trustees 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 Meeting.

Special meetings of the Board may be called by the President or by any three (3) Board Members, 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 Board members calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Board Meetings.

Written notice of the time, place and purpose of any special meeting of the Board shall be delivered to each Board Member either personally, by mail or electronically, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Board Member calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the Board Member at his address as it appears on the records of the Cooperative, with postage thereon prepaid, at least five (5) days before the date set for the meeting.

SECTION 4. Quorum.

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

SECTION 5. Trustee Participation by Electronic Means.

Trustees may participate and vote, during any meetings of the Board, by the use of any means of electronic communications by which all Trustees participating may simultaneously hear each other, to allow an absent member of the Board to attend the meeting in those instances where the Board member is confined to home or hospital due to illness or accident or in those situations when the Board member's absence is due to a death or serious illness of an Immediate Family

Member. Such participation may be allowed only when a quorum of the Board is physically present at the meeting. Any other situations which cause a Trustee to be absent from a meeting will require a vote by majority of the Board to allow the Trustee to participate via electronic means.

ARTICLE VI

OFFICERS

SECTION 1. Number.

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

SECTION 2. Election and Term of Office.

The officers shall be elected by ballot, annually by and from the Board at the meeting of the board held immediately after the Annual Meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Trustees.

Any officer or agent elected or appointed by the Board of Trustees may be removed by the Board of Trustees whenever in its judgment the best interests of the Cooperative will be served thereby. In addition, any member of the Cooperative may bring charges against an Officer for cause by filing such charges in writing with the Secretary, together with a petition signed by two (2) per centum of the members, and request the removal of the particular Officer by reason thereof. The Officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the meeting at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Officer shall be considered and voted upon within sixty (60) days of the filing of such charges.

SECTION 4. President.

The President shall:

- (a) be the principal executive officer of the Cooperative and, unless otherwise determined by the Members or the Board, shall preside at all meetings of the members and the Board;

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

SECTION 5. Vice President.

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

SECTION 6. Secretary.

The Secretary shall be responsible for:

- (a) preparing, or supervising the preparation of Minutes of Board and Member Meetings;
- (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 provisions 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 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.

SECTION 7. Treasurer.

The Treasurer shall be responsible for 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.

SECTION 8. Chief Executive Officer.

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

SECTION 9. Bonds of Officers.

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

SECTION 10. Compensation.

The Board shall make provision for the compensation of officers, agents and employees, subject to the limitations of Article IV, Section 6 of these bylaws.

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.

SECTION 12. Authority to Execute Documents.

On the Cooperative's behalf, Board Officers may sign, execute, and acknowledge a document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative employees to sign, execute, and acknowledge a document on the Cooperative's behalf.

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.

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 to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and

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 operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to credit a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set-up and kept in such a manner that, at the end of each fiscal year, the amount of capital, if any, so furnished by each patron, is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so, and the patron had then furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as 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 pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons; accounts may be retired in full or in part. After June 19, 1976, the Board of Trustees shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

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

Notwithstanding any other provision of these bylaws, the Board, at its discretion, shall have the power, at any time, upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire capital credited to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the 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. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 3. Offset Against Capital Credits.

The Board of Trustees shall have the authority to charge against the capital credit account of a former member any unpaid and outstanding accounts, with interest, owed by the former member, regardless of age, where the former member is no longer a member of this cooperative or has stopped purchasing electricity from this cooperative. This authority may be exercised by the Board of Trustees at such time as the former member's capital credits are declared payable as provided by these bylaws.

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 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 shall determine, to secure any indebtedness of the Cooperative; provided further that the Board may, upon the authorization of a majority of those members of the Cooperative present at a meeting of the members thereof, sell, lease, or otherwise dispose of all or a substantial portion of its property to another Cooperative or foreign corporation doing business in this State pursuant to the Act under which this Cooperative is incorporated.

ARTICLE IX

SEAL

The Cooperative shall have a corporate seal in the form approved by the Board of Trustees.

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. Contracts.

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

SECTION 2. Checks, Drafts, Etc.

All checks, drafts or other orders for the payment of money, and all notes, bonds, or other evidences of indebtedness issued in the name of the Cooperative shall be signed 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. Waiver of Notice.

Any member or Board Member may waive in writing any notice of a meeting required to be given by these bylaws, by signing and delivering to the Cooperative a written waiver of notice either before the scheduled meeting or within three (3) business days after the meeting. The attendance of a member or Board Member at any meeting waives the member's or Board Member's objection to lack of notice, or to a defective notice, of such meeting by such member or Board Member, except in case a member or Board Member 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 2. Policies, Rules and Regulations.

The Board 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 the management of the business and affairs of the Cooperative.

SECTION 3. Accounting System and Reports.

The Board shall cause to be established and maintained, a complete accounting system. The Board shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. A report of such audit shall be submitted to the members at the next following Annual Meeting.

SECTION 4. Reference to Gender.

Any reference to the male gender in these bylaws shall be construed to mean either male or female gender.

SECTION 5. Reference to Member in Good Standing.

For the purposes of these bylaws, all references to Member in Good Standing shall mean, a member of the Cooperative who has not been convicted of a crime involving the diversion of electrical power and whose membership account is current and whose account has not been disconnected for non-payment.

SECTION 6. Reference to Immediate Family Member(s).

For the purposes of these bylaws, all references to Immediate Family Member(s) shall mean, spouse, child(ren), grandchild(ren), siblings, parent(s), grandparent(s), aunt(s), uncle(s), nephew(s), niece(s), or in-laws, by blood or marriage

SECTION 7. References to "electric service" or "electric energy."

For the purposes of these bylaws, all references to "electric service" or "electric energy" shall be construed to mean the delivery of electric energy, the furnishing and/or maintenance of electrical facilities and/or the providing of cooperative services.

ARTICLE XII

AMENDMENTS

SECTION 1. Amendment of Bylaws.

These bylaws may be altered, amended or repealed by the members at any regular or special meeting, provided the notice of such meeting shall include a copy of the language of the proposed alteration, amendment or repeal (for purposes of this Article XII, the term

"amendment" shall include the amendment of an existing bylaw and the adoption of a new bylaw).

SECTION 2. Procedure for Amending Bylaws.

Amendments to these bylaws shall be initiated by either a resolution adopted by the Board of Trustees or by a petition of the members.

- (a) If an amendment is proposed by the Board of Trustees, it shall first be adopted by a majority of the Trustees present and voting at any regular or special meeting of the Board. Thereafter, such amendment shall be presented to the membership at the annual meeting of the members, or at any special meeting of the members, provided that due notice of the amendment is given as provided in Section 1.
- (b) Members may initiate amendments to the bylaws by personally presenting such amendments to the Board of Trustees at any regular meeting of the Board. The Board may adopt the proposed amendment as provided in Section 2 (a).
- (c) Members may initiate amendments to the bylaws by petition that is signed by not less than two (2) per centum of the members.
- (d) Amendments to the bylaws shall be subject to any limitation contained in U.S. Statute, U.S. Regulation, Florida Statute or Florida Regulation.

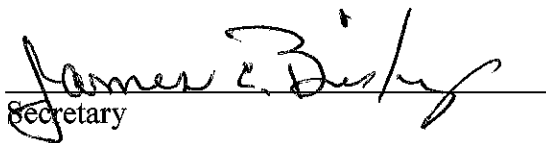
SECTION 3. Time Limitations.

All proposed amendments to the bylaws shall be presented not later than sixty (60) days prior to the Annual Meeting.

CERTIFICATION

I, James C Bishop, Secretary of Choctawhatchee Electric Cooperative, Inc., do hereby certify that the foregoing is a true and correct copy of the Bylaws of Choctawhatchee Electric Cooperative, Inc., as amended through April 12, 2014.

Signature here


Secretary