

CORPORATE BYLAWS



APRIL 2003

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SECTION 1.
REQUIREMENTS FOR MEMBERSHIP.

Any person, firm, association, corporation, or body politic or subdivision thereof may become a member in Lee County 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 Bylaws of the Cooperative and any rules and regulations adopted by the Board of Trustees, (hereinafter called "the Board" or "Board Member(s)"); and
- (d) paying the membership fee hereinafter specified; provided, however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until membership has been accepted by the Board. No member may hold more than one (1) voting membership in the Cooperative, and no membership in the Cooperative shall be transferable. Upon complying with the requirements set forth above, any applicant shall automatically be accepted in the membership of the Cooperative, unless the Board determines that the applicant is unable or unwilling to agree to the said requirements set forth above.

SECTION 2.
MEMBERSHIP.

Membership in the Cooperative shall be evidenced by the record in the Cooperative's books of accounts that the member has met the requirements of membership set forth in Section 1 of this Article.

SECTION 3.
JOINT MEMBERSHIP.

A husband and wife may apply for a joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term "member" as used in these Bylaws shall be deemed to include a husband and wife holding a joint membership, and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership (rules regarding joint membership shall also apply to joint tenancies, and similar ownership structures). Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by, or in respect to, 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 (1) member, and shall have the effect of revoking a proxy executed by either or both and of constituting a joint waiver of notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one (1) vote;
- (c) A proxy executed by either or both shall constitute one (1) proxy;
- (d) A waiver of notice signed by either or both shall constitute a joint waiver;
- (e) Notice to either shall constitute notice to both;
- (f) Expulsion of either shall terminate the joint membership;
- (g) Withdrawal of either shall terminate the joint membership;
- (h) Either, but not both, may be elected or appointed as an officer or as a Board Member, provided that both meet the qualifications of such office;
- (i) Effect of Death, Legal Separation, or Divorce upon a Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint, provided that the estate of the deceased shall not be released from any debts

due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to purchase electricity at the location covered by such membership, in the same manner and to the same effect as though such membership had never been joint, provided that the other spouse shall not be released from any debts due the Cooperative;

(j) Termination by Death or Cessation of Existence; Continuation of Membership in Remaining Partner. Except as provided in (i) above, the death of an individual human member shall automatically terminate the membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership, provided that upon the dissolution for any reason of a partnership, such membership shall continue to be held solely by such remaining partner or partners as were parties to the original membership, and continue directly to purchase electricity for the location covered by such membership.

SECTION 4.

CONVERSION OF MEMBERSHIP.

A membership may be converted to a joint membership upon the request of the holder thereof, and the agreement by both parties to comply with the Articles of Incorporation, Bylaws, and rules and regulations adopted by the Board.

SECTION 5.

MEMBERSHIP AND SERVICE CONNECTION FEES.

The membership fee shall be set from time to time by the Board, upon the payment of which a member shall be entitled to one (1) membership with voting rights, and shall be eligible for one (1) electrical service connection after the payment of the required deposit and service charge. An additional deposit, if required, and service charge shall be paid by said member for each additional electrical service connection.

SECTION 6.

PURCHASE OF ELECTRIC ENERGY.

Each member shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy used at the premises specified in the member's application for membership. The member shall pay monthly for such electric energy at rates which shall from time to time be fixed by the Board; provided, however, that the Board may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as equity, and each member shall be credited with the equity so furnished, as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month as shall be fixed by the Board from time to time, regardless of the amount of electric energy consumed. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service, and shall permit the Cooperative's authorized employees, agents, and independent contractors to have access thereto for inspection, maintenance, replacement, relocation or repair thereof at all reasonable times. As part of the consideration for such service, each member shall be the Cooperative's bailee of such facilities, and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and the member's best efforts shall be used to prevent others from so doing. In the event such facilities are interfered with, impaired in their operation, or damaged by the member, or by any other person when the member's reasonable care and surveillance could have prevented such, the member shall indemnify the Cooperative against all liabilities, expenses, or obligations it incurs due to any death, injury, loss or damage resulting therefrom, including, but not limited to, the Cooperative's cost of repairing, replacing, or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. In no

event shall the responsibility of the Cooperative extend beyond the point at which its service wires are attached to the meter loop provided for measuring electricity used on such premises, or beyond the combination circuit breaker-meter base panel if such is owned and maintained by the Cooperative, except that the Cooperative shall, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment, not caused by the member or by any other person when the member's reasonable care and surveillance could have prevented such malfunction. Each member shall also pay all amounts owed to the Cooperative, as and when the same shall become due and payable. 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. 4

SECTION 7.

TERMINATION OF MEMBERSHIP.

(a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds (2/3) of all 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 the member liable for expulsion, and such failure shall have continued for at least ten (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, has not purchased electric energy from the Cooperative or of a member who has ceased to purchase energy from the Cooperative, may be cancelled in accordance with policies adopted by resolution of the Board. The Board may cancel the membership of any person who has not received service from the Cooperative, if it is the determination of the Board that service to such member cannot be furnished within a reasonable time.

(b) Termination of membership in any manner shall not release a member or the member's estate from any debts due the Cooperative.

ARTICLE II.

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1.

PROPERTY INTEREST OF MEMBERS.

Members shall have no individual or separate interest in the property or assets of the Cooperative, except that, upon dissolution, the property and assets of the Cooperative remaining after all debts and liabilities of the Cooperative are paid, shall be distributed among the members in the proportion which the aggregate patronage of each member bears to the total patronage of all members during the seven (7) years next preceding the 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. Nothing contained in this section shall prevent the payment of patronage refunds due individual members in accordance with Article VII of these Bylaws.

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 individually liable or responsible for any debts or liabilities of the Cooperative. The duly elected Board may exercise all of the powers of the Cooperative, except such as are conferred upon the members by the laws of the State of Florida,

ARTICLE III.
MEETINGS OF MEMBERS

SECTION 1.
ANNUAL MEETING.

The Annual Meeting of the members shall be held no later than April 30th of each year, in one of the counties served by the Cooperative as designated by the Board, and the time, date and location shall be specified in the Notice of Annual Meeting for the purpose of announcing the result of the election of Board Member(s) and other matters voted upon according to Section 5 of this Article, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. Failure to hold the Annual Meeting at the designated time shall not result in 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 written request signed by any three (3) Board members, by the President, or by ten percent (10%) or more of all 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 shall only be held at such time and place as the Board may provide by resolution.

SECTION 3.
NOTICE OF MEMBERS' MEETINGS.

Written or printed notice, stating the time and place of each meeting of the voting members and, in the case of a special meeting, the purpose or purposes for which the meeting is called shall be given to each member, either personally or by United States mail not less than ten (10), nor more than forty-five (45) days before the date of the meeting. If mailed by United States mail, such notice shall be delivered when deposited in the United States mail, addressed to the voting member at the member's address as it appears on the records of the Cooperative, with the United States postage thereupon prepaid. In the case of a joint membership, notice given to either husband or wife (or either joint tenant) shall be deemed notice to both. 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.

One percent (1%), or such lesser percentage of members as may be provided from time to time by the Statutes of the State of Florida, Section 425.09, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

SECTION 5.
VOTING.

Each member shall be entitled to one vote on each matter submitted to a vote at a meeting. Voting shall be in person, and may also be by limited proxy or by mail, or both. If the bylaws provide for voting by limited proxy or by mail, they shall also prescribe the conditions under which limited proxy or mail voting may be exercised. Voting may not be by general proxy. For purposes of these bylaws, a limited proxy is one on which a member has recorded a vote for or against an issue or issues specifically listed on the proxy. In no event shall any limited proxy be valid for a period longer than 90 days after the date of the first meeting for which the proxy is

given. Every proxy is revocable, at any time, at the pleasure of the member executing it. In any event, no person shall vote as proxy for more than three members at any meeting of the members except as otherwise permitted in the bylaws. 6

a) A member may appoint a limited proxy to vote or otherwise act for the member by signing an appointment form, either personally or by the member's attorney in fact. An executed telegram or cablegram appearing to have been transmitted by such person, or a photographic, photostatic, or equivalent reproduction of an appointment form is a sufficient appointment form.

b) Without limiting the manner in which a member may appoint a limited proxy to vote or otherwise act for the member pursuant to paragraph (a), a member may grant such authority by:

1. Signing an appointment form or having such form signed by the member's authorized officer, director, employee, or agent by any reasonable means, including, but not limited to, facsimile signature; or
2. Transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the proxy or to a proxy solicitation firm, proxy support service organization, registrar, or agent authorized by the person who will be designated as the proxy to receive such transmission. However, any telegram, cablegram, or other means of electronic transmission must set forth or be submitted with information from which it can be determined that the transmission was authorized by the member. If it is determined that the transmission is valid, the inspectors of election or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.

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 by not later than fifteen (15) days prior to any meeting. In case a membership is owned by husband and wife, or joint tenants with right of survivorship, a written vote received from the owner or owners of this particular membership shall constitute one (1) vote. 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.

SECTION 6.

ORDER OF BUSINESS.

The order of business at an Annual Meeting, or special meeting of the members, shall be essentially as follows:

- (a) Report on the number of voting members who are present in person and number of mail ballots received in accordance with these Bylaws.
- (b) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (c) Reading of the unapproved minutes of previous meetings and the taking of necessary action thereon.
- (d) Presentation and consideration of reports of officers, Board Members, and committees.
- (e) Report of elections of Trustees and resolutions.
- (f) Unfinished business.
- (g) New business.
- (h) Adjournment.

Notwithstanding the foregoing, the Board, or the members themselves may, from time to time, establish a different order of business for the purposes of assuring the earlier consideration of

an action upon any item of business, the transaction of which is necessary or desirable, in advance of any other item of business; provided, however, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

SECTION 7.

VOTING DISTRICTS.

Voting Districts may, at the option of the Board, be set up in compliance with Florida Statutes Section 425.11, as such may be amended from time to time.

ARTICLE IV.

TRUSTEES

SECTION 1.

GENERAL POWERS.

The business and affairs of the Cooperative shall be managed by a Board of not less than five (5) nor more than eleven (11) Trustees, hereinbefore and hereinafter referred to as “the Board” or “Board Member(s),” each of whom shall be a voting member of the Cooperative. In addition, there shall be a Board Member at Large. Said Board Member at Large shall not be counted in the number of members of the Board, as set forth above, but shall be in addition thereto. The Board Member at Large:

- (a) shall be charged with the responsibility of representing any and all minority groups of the Cooperative;
- (b) shall be appointed by a two-thirds vote of the members of the Board, and shall serve at the pleasure of the Board for a term of three (3) years;
- (c) shall be entitled to any and all privileges of the Board Members elected by the membership of the Cooperative;
- (d) shall be a member of a minority group. The term “minority group” shall mean:
 - (1) Black (not of Hispanic origin), a person having origins in any of the black racial groups of Africa;
 - (2) Hispanic, a person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture or origin, regardless of race;
 - (3) Asian or Pacific Islander, a person having origins in any of the original peoples of the Pacific Islands and Samoa;
 - (4) American Indian or Alaskan Native, a person of North America, and who maintains cultural identification through tribal affiliation or community recognition.

The duly elected Board may exercise all of the powers of the Cooperative, except such as are conferred upon the members by the laws of the State of Florida, or its Articles of Incorporation or Bylaws.

SECTION 2.

TENURE OF OFFICE AND QUALIFICATIONS.

Qualified members of the Cooperative shall be elected by the membership by a ballot as members to serve on the Board of the Cooperative from the geographical areas served by the Cooperative, as such may be determined by the Board from time to time. Each qualified member of the Cooperative elected as a Board Member shall be elected by the entire membership to represent the geographical area in which the member resides to serve until the Annual Meeting in the third year in office, or until a successor shall have been duly elected or appointed and shall have duly qualified.

No person shall be eligible to become or remain a Board Member of the Cooperative who is not

a member and bona fide resident of the geographical area that the Board Member represents in the area served by the Cooperative. 8

Upon establishment of the fact that a Board Member is holding office in violation of the foregoing provisions, it shall immediately become incumbent upon the Board to remove such Board Member 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.

SECTION 3. NOMINATIONS.

It shall be the duty of the Board to appoint, not less than ninety (90) days nor more than one hundred and twenty (120) days before the date of a meeting of the members at which Board Members are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different geographical areas served by the Cooperative so as to insure equitable representation. No member of the Board may serve on such committee. The committee, keeping in mind the principle of area representation, shall prepare and post at the principal office of the Cooperative at least sixty (60) days before the meeting, a list of nominations for Board Members; but members acting together may make other nominations by petition not less than sixty (60) days prior to the meeting, and the Secretary shall be responsible for posting such nominations at the same place where the list of nominations made by the committee is posted. The petition shall contain members' signatures equivalent to one percent (1%) of the ballots mailed to members in the previous election of trustees. The Secretary shall be responsible for mailing with the notice of the meeting or separately, but at least thirty (30) days before the date of the meeting, a statement of the number of Board Members to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any. Notwithstanding anything contained in this section, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of Board Members.

SECTION 4. VACANCIES.

Subject to the provisions of these Bylaws with respect to the filling of a vacancy caused by the removal of the Board Member by the members, a vacancy occurring on the Board shall be filled by the affirmative vote of a majority of the remaining Board Members for the unexpired portion of the term of the Board Member(s) in respect of whom the vacancy occurs. Any vacancy occurring in the Board, including the filling of a vacancy caused by the removal of the Board Member by the members, including any vacancy created by reason of an increase in number of directors or a vacancy occurring because the Board Member is not a member and bona fide resident of the geographical area that the Board Member represents, may be filled by the affirmative vote of a majority of the remaining Board Members, even though less than a quorum of the Board. Any Board Member elected to fill a vacancy shall hold office only until the next election of the Board Members by the members.

SECTION 5. REMOVAL OF BOARD MEMBER(S) BY MEMBERS AND BOARD.

Any member may bring charges against a Board Member by filing such charges in writing with the Secretary, together with a petition signed by at least ten percent (10%) of the members, and request the removal of such Board Member by reason thereof. The Board Member against whom such charges have been brought shall be informed in writing of the charges at least five (5) days prior to the meeting at which the charges are to be considered, and shall have an oppor-

tunity 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 the Board Member shall have the same opportunity. The question of the removal of such Board Member shall be voted upon at the next regular or special meeting of the members, and any vacancy created by such removal may be filled by a majority vote of the Board Members at the next regular meeting of the Board or any adjournment thereof without compliance with the foregoing provision with respect to nominations. Any Board Member elected to fill a vacancy shall hold office only until the next election of the Board Members by the members.

In addition to the foregoing, a Board Member may bring charges against another Board Member by filing such charges with the Secretary and request the removal of such Board Member and the reasons therefor. The Board Member against whom such charges have been brought shall be informed in writing of the charges at least five (5) 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 person(s) bringing the charges against the Board Member shall have the same opportunity. A Board Member may be removed in this matter only "for cause". "For cause" shall include, but not be limited to, a conflict of interest, breach of fiduciary duty, dishonesty, failure to act in good faith and the best interest of the Cooperative and disclosure of confidential proprietary business information of the Cooperative. Such removal shall be by the affirmative vote of two-thirds of the members of the Board of Trustees. Any vacancy created by such removal shall be filled by a majority vote of the Board Members at the next regular meeting of the Board or any adjournment thereof and without compliance with the foregoing provisions with respect to nomination.

SECTION 6. COMPENSATION.

Board Members as such shall not receive any salary for their services, but by resolution of the Board, a fixed sum, if any, may be allowed for attendance at each meeting of the Board, for attending schools, seminars or classes, which, at the discretion of the Board Members, are deemed advisable, and for attending such meetings and seminars of industry-related organizations as in the discretion of the Board are deemed desirable and necessary. The Board may, by appropriate resolution, authorize the payment of insurance premiums for each of the members of the Board, and for executive and professional personnel of the Cooperative for major medical insurance coverage. The Board shall also designate such personnel, both lay and professional, to attend such schools, seminars or classes, and national conventions as shall, in the discretion of the Board, be deemed necessary and advisable, and pay such reasonable expenses and fees as are deemed necessary and advisable. 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 employment or serving the Cooperative, unless payment of the compensation shall be specifically authorized by a vote of the members or the service by such Board Member, or close relative have been certified by the Board as an emergency measure. (Close relative shall include: spouse, grandfather, grandmother, mother, father, sister, brother, nephew, niece, son, daughter, grandchild, grandnephew, grandniece, uncle, aunt, and first cousins.)

SECTION 7. DONATIONS.

The Board, in its discretion, may donate Cooperative funds to such civic, educational and charitable causes and purposes and in such amounts as it deems advisable.

SECTION 1.
REGULAR MEETINGS.

A regular meeting of the Board shall be held without notice other than this Bylaw, as soon after the Annual Meeting of the members as is practical, in the Board Room at the main office of the Cooperative, or at such other place as the Board may designate by resolution. A regular meeting of the Board shall also be held monthly, at such time and place 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 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 the 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 not less than five (5) days previous thereto, either personally or by mail, by or at the discretion of the Secretary, or upon a default in duty by the Secretary, by the President, or the Board Member(s) calling the meeting, to each Board Member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Board Member(s) at such Board Member's address as it appears on the records of the Cooperative, with postage thereupon prepaid.

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 Member(s) of the time and place of such adjourned meeting. The act of the majority of the Board Members present at a meeting in which a quorum is present shall be the act of the Board. Board Members may attend via telecommunication and such Board Members attending via telecommunications shall be considered present for all purposes.

ARTICLE VI.
OFFICERS

SECTION 1.
NUMBER.

The officers of the Cooperative shall be a President, one (1) or more Vice Presidents, an Executive Vice President who shall be the Chief Executive Officer, Secretary and Treasurer, one (1) or more Assistant Vice Presidents, and one (1) or more Assistant Secretaries and Treasurers. The offices of the Secretary and of the Treasurer may be held by the same person. The Board may, by appropriate resolution, grant to any officers created hereunder such authority as is set forth in Article X, Section 1 of the Bylaws of the Cooperative.

SECTION 2.

ELECTION AND TERM OF OFFICE.

The officers shall be elected by ballot, annually, by and from the Board, with the exception of the Executive Vice President, the Assistant Vice Presidents and Assistant Secretaries, who may be appointed by the Board from key personnel of the Cooperative, at the meeting of the Board held as soon as practical after the Annual Meeting of the members. Each officer shall hold office until the first meeting of the Board following the next succeeding Annual Meeting of the members, or until such officer's successor shall have been duly elected and qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the vacancy so created.

SECTION 3.

REMOVAL OF OFFICERS AND AGENTS BY THE BOARD.

Any officer or agent elected or appointed by the Board may be removed by the Board 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 by filing such charges in writing with the Secretary, together with a petition signed by ten percent (10%) of the members, and requesting 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 five (5) 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 such officer shall have the same opportunity. The question of the removal of such officer shall be voted upon at the conclusion of such meeting or at the next regular or special meeting of the members.

SECTION 4.

PRESIDENT.

The President shall:

- (a) be the Presiding Officer of the Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by the Board or the members, and may 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 the Vice President by the Board.

SECTION 6.

SECRETARY.

The Secretary shall be responsible for:

- (a) keeping the minutes of the meetings of the members and of the Board in one (1) or more books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these Bylaws or as required by law;

- (c) the safekeeping of the corporate records and of the seal of the Cooperative, and affixing the seal of the Cooperative to all certificates of membership prior to the issue thereof¹² and 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 true 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 the Secretary by the Board.

SECTION 7.

TREASURER.

The Treasurer shall be responsible for:

- (a) the custody of and be responsible for all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for moneys due and payable to the Cooperative, and for the deposit of all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these Bylaws;
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by the Board.

SECTION 8.

EXECUTIVE VICE PRESIDENT.

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

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 powers, duties and compensation of the Executive Vice President and Chief Executive Officer shall be fixed by the Board. The powers, duties, and compensations of other officers, agents, and employees shall be fixed by the Executive Vice President and Chief Executive Officer, subject to the advice and consent of the Board.

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 - NONPROFIT OPERATION

Revenues of the Cooperative for any fiscal year in excess of the amount thereof necessary;

- (a) to defray expenses of the Cooperative and of the operation and maintenance of its facilities during such fiscal year;
- (b) to pay interest and principal obligations of the Cooperative coming due in such fiscal year;
- (c) 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;
- (d) to provide a reasonable reserve for working capital;
- (e) to provide a reserve for the payment of indebtedness of the Cooperative maturing more than one (1) year after the date of the incurring 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
- (f) 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;
- (g) to establish Energy Resources Conservation (ERC) loan programs;

shall, unless otherwise determined by a vote of the members, be distributed by the Cooperative to its members as patronage refunds prorated 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.

SECTION 1.

INTEREST OR DIVIDENDS ON EQUITY PROHIBITED.

The Cooperative shall at all times be operated on a Cooperative nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any equity furnished by its members.

SECTION 2.

PATRONAGE EQUITY IN CONNECTION WITH FURNISHING ELECTRIC ENERGY.

In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all members will, through their patronage, furnish equity for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all 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 operating costs and expenses at the moment of receipt by the Cooperative, are received with the understanding that they are furnished by the members as equity. The Cooperative is obligated to pay, by credits to an equity ownership account for each member, 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 equity, if any, so furnished by each member is clearly reflected and credited in an appropriate record to the equity ownership account of each member, and the Cooperative shall within a reasonable time after the close of the fiscal year, notify each member of the amount of equity so credited to such member's account.

All such amounts credited to the equity ownership 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 equity. 14

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 members on a patronage basis, and any amount so allocated shall be included as part of the equity credited to the accounts of members, 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 equity shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the equity credited to members' accounts may be retired in full or in part. This Cooperative shall make refunds of equity whenever possible. Such refunds to be consistent with sound management practices, consistent with the provisions of the contracts, mortgage documents and loan documents with lenders and consistent with the following provisions as hereby set forth:

(a) Whenever a human member patron dies, the Cooperative shall distribute pursuant to policy existing at that time to such human member's estate, whatever equity has accrued to such human member patron's account up to the time of death;

(b) 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, and acting at its discretion under a policy of general application, the equity then credited to members' accounts may be retired in full or in part;

If the Board makes a distribution of equity to its members pursuant to this Article VII, and the member cannot be located to make distribution of the equity, after a good faith effort to locate the member the Cooperative shall be entitled to charge a reasonable administrative fee for maintenance of such account and such fees shall be deducted from the member's equity ownership account. In the event the member has not claimed the member's equity ownership account prior to it being required to escheat to the State, the balance of the member's equity ownership account shall be retained by the Cooperative and added pro-rata to the other members' equity ownership accounts based on their patronage.

Equity 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, 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 member, if the legal representatives of such member's estate shall request in writing that the equity credited to any such member be retired prior to the time such equity would otherwise be retired under the provisions of these Bylaws, to retire equity credited to any such member immediately upon such terms and conditions as the Board, acting under policies of general application, 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.

Notwithstanding any other provisions of these Bylaws, no equity credited to any member's

15 account shall be retired, transferred, paid or assigned so long as any debts are due and owing to the Cooperative by said member and provided further, the Board shall have the right and authority to offset the equity credited to any member's account against any debt due and owing from such member in an amount equal to the indebtedness until such time as the equity has been retired sufficiently to pay the debt.

The members 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 member, and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be called to the attention of each member of the Cooperative by providing a copy of these Bylaws, when requested by the member.

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 encumbrances is authorized at a meeting of the members thereof, by the affirmative vote of not less than two-thirds of all the members of the Cooperative, and unless the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting, provided, however, that notwithstanding anything herein contained, the Board, 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 to the United States of America or any instrumentality or agency thereof, or to secure any indebtedness of the Cooperative to any state or national bank, financial institution, person, firm or corporation lending money or credit to said Cooperative.

ARTICLE IX. SEAL

The Corporate seal of the Cooperative shall be in the form of a circle, and shall have inscribed thereon, "Lee County Electric Cooperative, Inc. Incorporated 1940 Florida - Corporation Not For Profit."

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, employee or employees, 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.

Except as otherwise provided by law, or in these Bylaws, 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.

CHANGE IN RATES.

Written notice shall be given any regulatory body, if necessary, within thirty (30) days of the Board's approval of any proposed change in the rates charged for electric energy.

SECTION 5.

FISCAL YEAR.

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

ARTICLE XI.

MISCELLANEOUS

SECTION 1.

MEMBERSHIP IN OTHER ORGANIZATIONS.

The Cooperative shall not become a member of or purchase stock in any other organizations, without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may, upon authorization of the Board, purchase stock in or become a member of any corporation or organization organized for the purpose of engaging in or furthering the cause of rural electrification, and for the purpose of promoting the best interest of the Cooperative, or any other lawful purpose.

SECTION 2.

WAIVER OF NOTICE.

Any member or Board Member may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Board Member at any meeting shall constitute a waiver of 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 because the meeting shall not have been lawfully called or convened.

SECTION 3.

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, administration, and regulation of the business and affairs of the Cooperative.

SECTION 4.

ACCOUNTING SYSTEM AND REPORTS.

The Board shall cause to be established and maintained a complete accounting system which, among other things, shall conform to such accounting system as may from time to time be designated by regulatory bodies, if any. 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 5.

AREA COVERAGE.

The Board shall make diligent efforts to see that electric service is tended 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.

INDEMNIFICATION OF BOARD MEMBERS, OFFICERS,
DIRECTORS, MANAGERS, EMPLOYEES AND AGENTS.

Cooperative shall maintain appropriate insurance coverage for Board Members, the officers, the division directors, and the managers of the Cooperative and may maintain appropriate insurance for such employees and agents of the Cooperative, as a majority of the Board Members may decide from time to time. In the event the Cooperative fails to or is unable to provide adequate insurance, the Cooperative shall indemnify each Board Member, officer, division director, and manager now or hereafter serving as such, and may indemnify each such employee or agent of the Cooperative, now or hereafter serving as such, as a majority of the Board may decide from time to time, against any and all claims and liabilities to which he or she has or shall become subject by reason of serving or having served as such Board Member, officer, manager, division director, employee or agent, or by reason of any action alleged to have been taken, omitted, or neglected by him or her as such Board Member, officer, division director, manager, employee or agent; and the Cooperative shall advance each such person all costs of defending such claims, and reimburse each such person for all legal expenses reasonably incurred by him or her in connection with any such claim or liability, provided, however, that no such person shall be indemnified against, or be reimbursed for any expense incurred in connection with, any claim or liability arising out of his or her own willful misconduct or gross negligence.

The amount paid to any such Board Member, officer, division director, manager, employee or agent, by way of indemnification, shall not exceed his actual, reasonable, and necessary expenses incurred in connection with the matter involved. The amount necessary to advance the costs of defense to such Board Member, officer, division director, manager, employee or agent, by the Cooperative, shall be fixed by a majority vote of the Board at any regular, special or annual meeting where such Board Member, officer, division director, manager, employee or agent, places before such meeting of the Board, in writing, a request for advancement of expenses, together with evidence establishing the reasonableness thereof.

The Cooperative intends that the indemnification provided by this paragraph be to the fullest extent allowed by law and shall be made to any Board Member, officer, division director, manager, employee or agent of the Cooperative, indemnified by this paragraph, who was or is a party, or has threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by the Cooperative), by reason of the fact that he or she is or was a Board Member, an officer, a

division director, a manager, an employee, or an agent of the Cooperative, against expenses (including attorney's fees), judgments, fines, and amounts paid in settlement, actually and reasonably incurred by him or her in connection with such action, suit or proceeding, including any appeal thereof, if he or she acted in a manner other than through gross negligence or willful misconduct, on behalf of the Cooperative, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. Determination of any action, suit or proceeding, by judgment, order, settlement, conviction, or upon a plea of nolo contendere, or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he or she reasonably believed to be in, or not opposed to, the best interests of the Cooperative, or with respect to any criminal action or proceeding had a reasonable cause to believe that his or her conduct was unlawful. 18

The Cooperative may, in consideration for past services and as an inducement to continued future service of Board Members, officers, division directors, managers, employees or agents of the Cooperative, enter into an Agreement with such Board Members, officer, division director, manager, employee or agent of the Cooperative as determined by a majority of the Board, effecting indemnification of such Board Member, officer, division director, manager, employee or agent.

For the purposes of these indemnity provisions, the following definitions shall apply:

- (a) Board Members - Those representatives and the Board Member-at-Large elected as members of the Board of Trustees pursuant to the Corporate Bylaws of Cooperative.
- (b) Officers - Those individuals elected as officers by the Board and the Executive Vice President.
- (c) Division Directors - Those individual employees designated as the supervisor for an entire Cooperative division.
- (d) Managers - Those individual employees who are designated as the supervisor for a department within a division of the Cooperative.

ARTICLE XII.

AMENDMENTS

These Bylaws may be altered, amended, or repealed by the affirmative vote of not less than a majority of the members voting in any regular or special meeting having a quorum, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal, or an accurate summary explanation thereof.