

**BYLAWS
OF
WEST FLORIDA ELECTRIC
COOPERATIVE ASSOCIATION, INC.**



Revised November 2000

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BYLAWS OF WEST FLORIDA ELECTRIC COOPERATIVE ASSOCIATION, INC.

ARTICLE I - MEMBERSHIP

Section 1. Requirements for Membership. Any person, firm, association, corporation or body politic or subdivision thereof may become a member in West Florida Electric Cooperative Association, 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; 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 he or it is in good credit standing with the Cooperative. No member may hold more than one (1) membership in the Cooperative, and no membership in the Cooperative shall be transferable.

Unless an application is specifically rejected by the Board of Trustees, the applicant shall become a member. Any rejected applicant shall be given an opportunity at least ten (10) days prior to the next board meeting of the Trustees to appear and be heard.

Section 2. Membership Certificates. Membership in the Cooperative shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Trustees. Such certificate shall be signed by the President and the Secretary of the Cooperative and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership has been fully paid for in cash. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such uniform terms and indemnity to the Cooperative as the Board of Trustees may prescribe.

Section 3. Joint Membership. 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. 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 of a meeting of either or both shall be regarded as the presence of one member and shall have the effect of revoking a proxy executed by either or both of constituting a joint waiver or notice of the meeting;
- (b) The vote of either separately or both jointly shall constitute one (1) joint vote;
- (c) A proxy executed by either or both shall constitute one (1) joint 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; and
- (h) Either, but not both, may be elected or appointed as an officer or Trustee, provided that both meet the qualifications for such office.

Section 4. Conversion of Membership.

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

Section 5. Membership and Service Connection Fees. The membership fee shall be five dollars (\$5.00), upon the payment of which a member shall be eligible for one (1) service connection. An additional fee of five dollars (\$5.00) shall be charged for each additional service connection.

Section 6. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership and shall pay therefore at rates which shall from time-to-time be fixed by the Board. 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; provided any member or members may be restricted in the amount of electricity use, if the Board of Trustees at a regular or special meeting deems that the overall membership and Cooperative will be impaired in its use or supply of electricity to said members, provided advance notice is given to any member or members who may be restricted and provided he or she may be present and heard. 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 the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Trustees from time-to-time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 7. Termination of Membership. Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Trustees may prescribe. The Board of Trustees of the Cooperative may, by the affirmative vote of not less than two-thirds of all the Trustees, expel any member who shall have refused or failed to comply with any of the provisions of the Articles of Incorporation, Bylaws, or rules or regulations adopted by the Board of Trustees, but only if such member shall have been given written notice by the Secretary of the Cooperative that such refusal or failure makes him liable to expulsion and such refusal or 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 of Trustees or by vote of the members at any annual or special meeting.

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

Section 8. Trustee Districts. The territory served or to be served by the Cooperative shall be divided into nine (9) districts, and each district shall be represented by one (1) Trustee. The original nine (9) districts shall be as follows:

- District No. 1.** That part of Calhoun County served by the Cooperative.
- District No. 2.** That part of Jackson County lying east of the Chipola River and between the north line of Calhoun County and the south line of Township 6 North.
- District No. 3.** That part of Jackson County lying east of Marshall Creek, north of the south line of Township 6 North.
- District No. 4.** That part of Jackson County lying west of Marshall Creek, west of the Chipola River, north of U. S. Highway 90 and east of Holmes Creek.
- District No. 5.** That part of Jackson County south of U. S. Highway 90 and west of the Chipola River.
- District No. 6.** That part of Washington County served by the Cooperative.
- District No. 7.** That part of Holmes County lying east of State Road 79 from the south boundary of Holmes County to the junction of State Road 79 and State Road 177 and that portion of Holmes County lying east of State Road 177.
- District No. 8.** That portion of Holmes County lying west of State Road 177 and lying west of State Road 79, from the junction of State Road 177 and State Road 79 to the south county line of Holmes County and east of the Choctawhatchee River.
- District No. 9.** That part of Holmes County lying west of the Choctawhatchee River.

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 the total patronage of all members during the seven (7) years next preceding the date of the filing of the certificate of dissolution.

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.

ARTICLE III - MEETING OF MEMBERS

Section 1. Annual Meeting. The annual meeting of the members shall be held during the month of April each year, beginning with the year 2002, in Graceville, Florida, for the purpose of electing Trustees, passing on reports for the previous fiscal year, and transacting such other business as may come before the meeting. If the day set for the annual meeting shall fall on a legal holiday, the meeting shall be held on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative. The annual meeting of members shall not be held in 2001 in order to implement the change in annual meeting to the month of April.

Section 2. Special Meetings. Special meetings of the members may be called by a resolution of the Board of Trustees, or upon a written request signed by any three (3) Trustees, by the President, or by ten (10) percent or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such a meeting to be given as hereinafter provided. Special meetings of the members

may be held at any place within Graceville in the County of Jackson, State of Florida, specified in the notice of the special meeting.

Section 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting, the purpose or purposes for which the meeting is called, shall be delivered not more than sixty (60) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the person calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage 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 minimum percentage of members established by the Florida Statutes governing rural electric cooperatives shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time-to-time without further notice, provided that the Secretary shall notify any absent members of the time and place of such adjourned meeting.

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 requires for mergers, consolidations or 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 ten (10) days prior to any meeting. In case a membership is owned by a 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. 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.

Any provision of these Bylaws inconsistent with the Amendment is hereby repealed.

Section 6. Proxies. A member may not vote by proxy.

Section 7. Order of Business. The order of business at the annual meeting of the members and, so far as possible, at all other meetings of the members shall be essentially as follows:

1. Report as to which members are present and which members are represented by proxy in order to determine the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of the notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, Trustees, and committees.
5. Election of Trustees.

6. Unfinished business.
7. New business.
8. Adjournment.

ARTICLE IV - TRUSTEES

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) Trustees which shall exercise all of the powers of the Cooperative except such as are a Bylaw, the Articles of Incorporation, or these Bylaws, conferred upon or reserved to the members.

Section 2. Qualifications and Tenure. At the annual meeting in the year 2000, Board Members for Districts 1, 2 and 3 will be elected. These members shall serve until the annual meeting to be held during the month of April in the year 2004, or until their successors shall have been elected and shall have qualified. The Board Members for Districts 4, 5 and 6 who were elected at the annual meeting in 1998, shall serve until the annual meeting to be held during the month of April in the year 2002, or until their successors have been elected and shall have qualified. Those Board Members for Districts 4, 5 and 6 that are then elected at the annual meeting in April 2002 shall serve until the annual meeting to be held during the month of April in the year 2005, or until their successors have been elected and shall have qualified. The Board Members for Districts 7, 8 and 9 who were elected at the annual meeting in 1999 shall serve until the annual meeting to be held during the month of April 2003, or until their successors have been elected and shall have qualified. Those Board Members for Districts 7, 8 and 9 that are then elected at the annual meeting in April 2003 shall serve until the annual meeting to be held during the month of April in the year 2006, or until their successors have been elected and shall have qualified. Beginning with the year 2004, each Board Member shall serve until the annual meeting in his third (3rd) year in office or until his successors shall have been elected and shall have qualified.

If an election shall not be held on the date designated for such election, the Board of Trustees shall cause such election to be held at a special meeting of the members of the Cooperative as soon as convenient thereafter as conditions permit. No person shall be eligible to become and remain a Trustee or to hold any position of trust in the Cooperative who:

- (a) Is not a member of the Cooperative and a bona fide resident being served by the Cooperative,
- (b) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative or a business primarily engaged in selling electrical or plumbing appliances, fixtures, or supplies to the members of the Cooperative.
- (c) Is, or has in the last three (3) years been a full-time or part-time employee of the Cooperative; or is a spouse, parent, child or sibling of a person who has in the last three (3) years been a full-time or part-time employee of the Cooperative.
- (d) Has been found guilty of a felony, regardless of whether adjudication was withheld or has been found guilty of a misdemeanor involving the illegal possession, sale or use of controlled substances. Any Trustee who has been charged with any of the foregoing by indictment, information or complaint shall be automatically suspended from any board activity until such time as said charge has been resolved by dismissal or conviction.

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

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

Section 3. Nominations. It shall be the duty of the Board of Trustees to appoint, not less than sixty (60) days or more than ninety (90) days before the date of a meeting of the members at which Trustees are to be elected, a Committee on Nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected from different sections of the project area so as to insure equitable representation. No member of the Board of Trustees may serve on such committee. The committee shall nominate at least one (1) member for Trustee from each district in accordance with Section 2 of this Article and shall prepare and post at the principal office of the Cooperative at least thirty-five (35) days before the meeting, its list of nominations for Trustee, but any fifteen (15) or more members acting together may make other nominations by petition no less than sixty (60) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee are posted. The Secretary shall mail with the notice of the meeting, or separately, but at least fifteen (15) 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, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any. No nominations from the floor shall be made or allowed for Trustee candidates either at special meetings of the annual membership meeting. Notwithstanding anything contained in this section, failure to comply with any one of the provisions of this section shall not affect in any manner whatsoever the validity of any election of Trustees. Each member may cast only one (1) vote for each Trustee to be elected. There shall be no cumulative voting for election of Trustees.

Section 4. Removal of Trustees by Members. Any member may bring charges against a Trustee by filing such charges in writing with the Secretary, together with a petition signed by at least ten (10) percent of the members and request the removal of such Trustee by reason thereof. The Trustee against whom such charges have been brought shall be informed in writing of the charges at least 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 persons bringing the charges against him shall have the same opportunity. The question of the removal of such Trustee shall be considered and voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by a vote of the members at such meeting without compliance with the foregoing provision with respect to nominations.

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 on the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees with said appointee to serve the balance of the unexpired portion of the term of the Trustee in respect of whom the vacancy occurs.

Section 6. Compensation. Without approval of the members, Trustees shall not receive any salaries for their services as Trustees, except in emergencies shall not be employed by the Cooperative in any capacity involving compensation, but by resolution of the Board of Trustees a fixed fee and expenses of attendance, if any, may be allowed for attendance at each meeting whether regular or special and that Trustee or Trustees may be allowed for the performance of other Cooperative business, provided it has prior approval of the Board of Trustees. No Trustee shall receive compensation for serving the Cooperative, nor shall any close relative of a Trustee receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members on such payment and amount shall be specifically authorized by the remaining Directors upon their certification of such an emergency measure.

Section 7. Removal of a Non-Functioning Trustee. If a Trustee is absent from three (3) consecutive regular board meetings without leave granted by the Board before, during or after at least one (1) of such absences, the Board shall declare the office vacant; provided, that written notice of the action to be considered has been given to all Trustees prior to the meeting at which the vacancy is declared.

Section 8. Election of Trustees by Members. Trustees shall be elected to serve nine (9) districts. Each Trustee shall be elected to serve one (1) district. Trustees shall be nominated and elected from each of the nine (9) districts and shall be a resident of the district in which he is nominated and elected to serve.

ARTICLE V - MEETINGS OF TRUSTEES

Section 1. Regular Meetings. A regular meeting of the Board of Trustees shall be held in Graceville immediately after the Annual Meeting of the members. All other regular meetings of the Board of Trustees shall be held monthly at such time and place in the Cooperative's service area as the Board of Trustees may by majority agree upon. If a majority of the Board cannot decide where to meet, the regular meeting shall be in Graceville at the Cooperative's business office. At each regular meeting, the Board President shall announce the time and place of the next regular meeting.

Section 2. Special Meetings. Special meetings of the Board of Trustees may be called by the President or any three (3) Trustees, and it shall be the duty of the Secretary to cause notice to be given to Trustee members as outlined in Section 3 of this Article. Any notice for a special meeting shall be posted at the principal office of the Cooperative in a conspicuous location in the Cooperative's business office.

Section 3. Notice of Trustees' Meetings. Written notice of the time, place and purpose of any special meeting of the Board of Trustees shall be delivered not less than five (5) days previous thereto, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, by the President or the Trustees calling the meeting, to each Trustee. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Trustee at his address as it appears on the record of the Cooperative, with postage thereon prepaid.

Section 4. Quorum. A majority of the Board of Trustees shall constitute a quorum, provided, that if less than such a majority of the Trustees is present at said meeting, a majority of the Trustees present may adjourn the meeting from time-to-time; and provided further, that the Secretary shall notify any absent Trustee of the time and place of such adjourned meeting. The act of the majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees.

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

Section 2. Election and Term of Office. The officers shall be elected, by ballot, annually by and from the Board of Trustees at the meeting of the Board of Trustees held directly after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held

as soon thereafter as conveniently possible. Each officer shall hold office until the first meeting of the Board of Trustees following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Trustees for the unexpired portion of the term.

Section 3. Removal of 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 interest of the Cooperative will be served. 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 (10) percent of the members, requesting the removal of the particular officer by reason thereof. The officer against whom such 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 officer shall be considered and voted upon at the next regular or special meeting of the members.

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

Section 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all of the restrictions upon the President. The Vice President shall also perform such other duties as from time-to-time may be assigned to him by the Board of Trustees.

Section 6. Secretary.

The Secretary shall:

- (a) Keep the minutes of meetings of the members and of the board of Trustees in one (1) or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Cooperative and affix the seal of the Cooperative to all certificates of membership prior to the issue thereof and to all documents, execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provision of these Bylaws.
- (d) Keep a register of the names and post office addresses of all members;
- (e) Sign, with the President, certificates of membership, the issue of which shall have been authorized by the Board of Trustees or the members;
- (f) Have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) Keep 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, forward a copy of the Bylaws and of all

amendments thereto to each member; and

- (h) In general, perform all duties incident to the office of Secretary and such other duties as from time-to-time maybe assigned to him by the Board of Trustees.

Section 7. Treasurer.

The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) Be responsible for the receipt of and the issuance of receipts for moneys due and payable to the Cooperative from any source whatsoever, 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; and
- (c) In general, perform all duties incident to the office Treasurer and such other duties as from time-to-time that may be assigned to him by the Board of Trustees.

Section 8. Executive Vice President and CEO. The Board of Trustees may appoint an Executive Vice President and CEO who may be, but who shall not be required to be, a member of the Cooperative. The Executive Vice President and CEO shall perform such duties and shall exercise such authority as the Board of Trustees may from time-to-time vest in him. No member or person is qualified to be an Executive Vice President and CEO of the Cooperative if said member or person has served anytime as a Board of Trustee during the preceding three (3) years.

Section 9. Bonds of Officers. The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any or its funds or property shall give bond in such sum with such surety as the Board of Trustees shall determine. The Board of Trustees in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

Section 10. Compensation. The powers, duties, and compensation of any officer, agents, and employees shall be fixed by the Board of Trustees, subject to the provisions of these Bylaws with respect to compensation for Trustees and close relatives of Trustees.

Section 11. Reports. The officers of the Cooperative shall submit at each annual meeting of the members' reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII - 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, members and nonmembers alike, 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, members and nonmembers alike, for all amounts received and receivable from the furnishing of electric energy in excess of operating cost and expenses 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, members and nonmembers alike, as capital. The Cooperative is obligated to pay by credits to 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 appropriated 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 a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credits shall be retired without priority on a prorated basis before any payments are made on an account of property rights of members. If at any time prior to dissolution or liquidation, the Board of Trustees shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Any such retirements of capital shall be made in order of priority according to the year in which the capital is furnished and credited, the capital first received by the Cooperative being first retired.

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 of Trustees, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provision of these Bylaws, the Board of Trustees, at its discretion, shall have the power at any time upon the death of any patron, if the legal representative 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 of Trustees, acting under policies of general application, and the legal representatives of such a 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 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 it in a conspicuous place in the Cooperative's office.

Section 3. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods and services shall, insofar as permitted by

law, by prorated annually on a patronage basis and returned to those patrons, members and nonmembers alike, from whom such amounts were obtained.

Section 4. 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 said former member, regardless of age, where said former member is no longer a member of this Cooperative. Said 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 of or any substantial portion of its property, unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at a duly held meeting of the members thereof by the affirmative vote of 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, or any other provisions of law, the Board of Trustees of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Trustees shall determine, to secure any indebtedness of the Cooperative to the United States or any instrumentality or agency thereof, or to secure any indebtedness of the Cooperative to any bank, financial institution, corporation or person lending money or credit to such Cooperative.

ARTICLE IX - SEAL

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

ARTICLE X - FINANCIAL TRANSACTIONS

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Trustees may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issues in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time-to-time be determined by resolution of the Board of Trustees.

Section 3. Deposits. All funds of the Cooperative shall be deposited from time-to-time to the credit of the Cooperative in such bank or banks as the Board of Trustees may select.

Section 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Utilities

Services of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charge by the Cooperative for electric energy becomes effective.

Section 5. Fiscal Year. Beginning January 1, 1948, the fiscal year of the Cooperative shall begin on the first (1st) day of January and end on the thirty-first (31st) day of December of each year.

ARTICLE XII - MISCELLANEOUS

Section 1. Membership in Other Organizations. The Cooperative shall not become a member of any other organization without an affirmative vote of the members at a meeting called as provided in these Bylaws, and the notice of said meeting shall specify that action is to be taken upon such proposed membership as an item of business; provided, however, that the Trustees shall have full power and authority on behalf of the Cooperative to purchase stock in, or to become a member of, any corporation or cooperative organized on a non-profit basis for the purpose of engaging in rural electrification or further the goals of the Cooperative. The Cooperative is not financially at risk in such other company beyond the value of the Cooperative's stock in such company, and ownership of such stock and entitlement to dividends therefrom does not cause the Cooperative to lose its status as a rural electric cooperative for state or federal tax funding purposes.

Section 2. Waiver of Notice. Any member or Trustee may waive in writing any notice of a meeting required to be given by these Bylaws. The attendance of a member or Trustee at any meeting shall constitute a waiver of notice of such meeting by such member or Trustee, except in case of a member or Trustee that attends a meeting for the express purpose of objecting to the transacting of any business because the meeting shall not have been lawfully called or convened.

Section 3. Rules and Regulations. The Board of Trustees shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation or these 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 of Trustees shall cause to be established and maintained a complete accounting system, which among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such an accounting system as may from time-to-time be designated by the Administrator of the Rural Utilities Services of the United States of America. All accounts of the Cooperative shall be examined by a committee of the Board of Trustees which shall render reports to the Board of Trustees at least four (4) times a year at regular meetings of the Board of Trustees. The Board of Trustees shall, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

Section 5. Area Coverage. The Board of Trustees shall make a diligent effort to see that electric service is extended to all unserved persons within the Cooperative service area who (a) desire such service and (b) meet all reasonable requirements established by the Cooperative as a condition of such service.

Section 6. Indemnification. 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, Director, President and CEO, officer, employee or agent of the Cooperative or

is or was serving at the request of the Cooperative as a Trustee, Director, President and CEO, 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 XIII - AMENDMENTS

Section 1. Amendment of Bylaws. These Bylaws may be altered, amended or repealed by the members at any regular or special meeting, in accordance with Article III, Section 5 of these bylaws.

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 this 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 subjected 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 ninety (90) days prior to the Annual Meeting.

STATE OF FLORIDA §

JACKSON COUNTY §

I, *A. C. Miles*, do hereby certify that I am the Secretary of West Florida Electric Cooperative Association, Inc., (hereinafter called the "Cooperative"), and that the foregoing printed sheets numbered from ____ to ____, inclusive, are a true and correct copy of the Bylaws of said Cooperative effective November 13, 1999 and which remain in effect as of this date.

IN WITNESS WHEREOF I HAVE HEREUNTO SET MY HAND AND AFFIXED THE SEAL OF THE COOPERATIVE THIS _____, 2000.

A. C. Miles
Secretary-Treasurer

SEAL

STATEMENT OF NONDISCRIMINATION

West Florida Electric Cooperative Association, Inc., is the recipient of Federal financial assistance from the Rural Utilities Services, an agency of the U. S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulations of the U. S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age, or disability shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization's programs or activities.

The person responsible for coordinating this organization's nondiscrimination compliance efforts is Russell L. Dunaway, Executive Vice President and CFO. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the Statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U. S. Department of Agriculture, Washington, D.C. 20250; or the Administrator, Rural Utilities Services, Washington, D.C. 20250. Complaints must be filed within 180 days after the alleged discrimination. Confidentiality will be maintained to the extent possible.

West Florida Electric Cooperative Association, Inc., is an equal opportunity employer.