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January 18, 2002

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Department of State  
Division of Corporations  
P. O. Box 6327  
Tallahassee, Florida 32314

RE: Fairpoint Regional Utility System, Inc.

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-01/24/02--01015--001  
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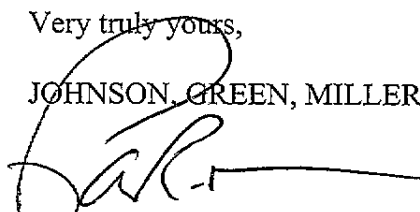
Gentlemen:

Please find enclosed an original and copy of Restated Articles of Incorporation with attached consents and certification. Please certify and return the copy to me. My trust account check is enclosed to cover the \$35.00 filing fee and \$8.75 certification fee.

If there is anything further you need, please contact me.

Very truly yours,

JOHNSON, GREEN, MILLER & GIBSON, P.A.

  
Paul R. Green

PRG:jgs  
Encl.

*Janetta S. gave authorization  
to delete the word "Initial" in  
Art. VI #6. JB 2/1/02*

*Restated Art.*

V SHEPARD FEB 4 2002

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
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**RESTATED  
ARTICLES OF INCORPORATION**

**OF**

**FAIRPOINT REGIONAL UTILITY SYSTEM, INC.**  
(a Florida corporation not-for-profit)

FILED  
SECRETARY OF STATE  
DIVISION OF CORPORATIONS  
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**ARTICLE I: NAME**

The name of the Corporation shall be FAIRPOINT REGIONAL UTILITY SYSTEM, INC.

**ARTICLE II: PRINCIPAL PLACE OF BUSINESS**

The principal place of business of the corporation shall be 8574 Turkey Bluff Road, Navarre, Florida 32566 and the mailing address of the corporation shall be 8574 Turkey Bluff Road, Navarre, Florida 32566.

**ARTICLE III: CORPORATE PURPOSES AND POWERS**

The corporation is organized exclusively for the charitable, scientific non-profit purpose of creating, operating and maintaining a water supply utility system to provide potable water and related services to residences in south Santa Rosa County, Florida, and geographic areas near or adjacent thereto so as to assure the provision of such services on a continuous and economically feasible basis to such residents.

Subject to the limitations otherwise set forth in these Restated Articles of Incorporation, the Corporation shall have all of the powers, privileges and rights necessary or convenient for carrying out the purpose for which the Corporation is formed and the Directors hereby claim for the

Corporation all the benefits, privileges, rights and powers created, given, extended or conferred by the provisions of all applicable laws of the State of Florida pertaining to not-for-profit corporations and any additions or amendments thereto.

#### **ARTICLE IV: MEMBERSHIP**

1. Initial Members: The membership of the Corporation shall consist of three members who shall have an equal share of the Corporation and equal voting rights, to-wit: (1) Holley-Navarre Water System, Inc., a Florida not-for-profit corporation, 8574 Turkey Bluff Road, Navarre, Florida 32566 ("Holley-Navarre"), (2) Midway Water System, Inc., a Florida not-for-profit corporation, 4971 Gulf Breeze Parkway, Gulf Breeze, Florida 32561 ("Midway"), (3) City of Gulf Breeze, a Florida municipal corporation, 1070 Shoreline Drive, Gulf Breeze, Florida 32561 ("Gulf Breeze"), hereinafter collectively the "Initial Members."

2. Additional Members: There shall be no additional members of the Corporation unless all of the then existing members agree to allow an additional member(s); in which event such agreement or assent to allow an additional member(s) must be evidenced by written resolution from the governing body of each of the then existing members as a precondition to membership. The decision by each of the members whether to allow additional membership shall be left to their sole discretion, and additional membership may be denied by any then existing member with or without cause.

3. Transfer of or Succession to Membership: Membership in the Corporation may be transferred only upon advance express written consent of all other members and no member's share shall or may be subdivided. The foregoing notwithstanding, membership may be transferred without written consent if the transfer is to a successor of a then existing member. For purposes hereof, a

“successor” shall be limited to only those entities (i) that acquire all of the assets of a member, and (ii) are a Florida not-for-profit corporation, and (iii) a written one year advance notice is provided to the Board of Directors and the initial members, and (iv) any successor must assume financial commitments of the original entity. Any successor who meets the requirements of Article IV, Section 3 shall be classified as an initial member.

4. Voting and Other Rights: Members shall have no voting rights except as expressly set forth in these Articles. Members shall have no right to manage or decide the affairs of the Corporation; rather, the powers of the Corporation shall be exercised, conducted, administered and managed by the Board of Directors. However, the corporation shall be managed and operated in a manner that minimizes water supply and other utility charges to the members and their customers. Accordingly, the corporation shall have the right to differentiate between members and non-members with respect to the supply of utility services and charges for such services.

5. Termination: No membership in the Corporation may be terminated, except for a member’s voluntary withdrawal from and/or rescission of membership. Terminated members shall be responsible for any financial commitments made while a member. A one-year written notice of intent to withdraw and/or rescind membership must be provided to the Board of Directors and the initial members.

#### **ARTICLE V: INITIAL REGISTERED AGENT**

The name and street address of the initial registered agent is Capital Connection, Inc., 417 E. Virginia Street, Suite 1, Tallahassee, Florida 32301.

#### **ARTICLE VI: DIRECTORS**

1. Number: The Corporation shall have seven (7) directors.

2. Term and Manner of Appointment: The term of office for all directors should be based on terms which expire concurrently with the date of the annual meeting of the members. However, all directors shall serve until such time as their successors shall have been appointed. Holley-Navarre, Midway and Gulf Breeze, through official action of their respective governing bodies evidenced by written resolution, shall each appoint two directors. One shall initially be appointed to a one year term and the other shall initially be appointed to a two year term; thereafter, all appointments shall be for a two year term. In the event that any or all of the Holley-Navarre, Midway or Gulf Breeze, should cease to be members of the Corporation, the director positions for which each entity was entitled to appoint a director pursuant to these restated articles shall first be reallocated pro rata among the remaining initial members, if any, who shall be entitled to respectively appoint such reallocated director position and secondly, if there are no remaining initial members then such director positions shall be reallocated equally among the then remaining non-initial members.

The seventh director (hereinafter the "neutral director") shall be elected by an affirmative vote of at least five of the directors and shall reside within one of the service areas of the initial members and, shall not be an employee, officer or member of the governing body of any initial or future members of the Corporation, or of any County, State or Federal Governmental body or agency. The election may be conducted only during properly scheduled and noticed meetings of the Board of Directors. The term of office for the neutral director shall be one year.

3. Vacancies: In the event of a vacancy of a director's position, whether due to removal, resignation or otherwise, a successor director shall be appointed or elected, as appropriate, to the vacant position in the same manner as was the preceding director whose vacancy is being filled. For

example, if the vacancy is for one of the director positions appointed by Holley-Navarre, Midway or Gulf Breeze, then such entity shall appoint the replacement director. If the vacancy is for the neutral director's position, the replacement shall be elected in the same manner as provided in paragraph 2, above. The successor director shall hold office for the remaining unexpired term of his predecessor.

4. Removal: A director appointed by Holley-Navarre, Midway or Gulf Breeze may be removed during his term of office only by the governing body of the entity that originally appointed that director. The removal of such a director may occur at any time, with or without cause, and subject to the sole discretion of the governing body of the entity that originally appointed the said director.

A neutral director may be removed at any time during his term of office, with or without cause, upon the unanimous vote of all other directors. Such a vote may occur only during a duly authorized meeting of the Board of Directors.

5. Qualifications: Any director appointed by Holley-Navarre, Midway or Gulf Breeze must, at the time of appointment, be either a full time employee or a member of the governing body of such entity.

6. Compensation: No director shall be paid or otherwise receive any compensation or thing of value from this Corporation in exchange for his services as a director of the Corporation. However, the Corporation may reimburse any director for actual out-of-pocket expenses directly incurred in the performance of his duties.

The names and addresses of the <sup>7B</sup>~~initial~~ directors, excluding the neutral director, who shall hold office as provided above are:

**Director Position Number 1**  
**(appointed by Holley-Navarre)**

Harold G. White  
8574 Turkey Bluff Road  
Navarre, Florida 32566

**Director Position Number 3**  
**(appointed by Midway)**

Paul Hanson  
4971 Gulf Breeze Parkway  
Gulf Breeze, Florida 32566

**Director Position Number 5**  
**(appointed by Gulf Breeze)**

Edwin Eddy  
1070 Shoreline Drive  
Gulf Breeze, Florida 32561

**Director Position Number 2**  
**(appointed by Holley-Navarre)**

Joey Braswell  
8574 Turkey Bluff Road  
Navarre, Florida 32566

**Director Position Number 4**  
**(appointed by Midway)**

Julian Cooley  
4971 Gulf Breeze Parkway  
Gulf Breeze, Florida 32566

**Director Position Number 6**  
**(appointed by Gulf Breeze)**

Lane Gilchrist  
1070 Shoreline Drive  
Gulf Breeze, Florida 32561

**ARTICLE VII: BYLAWS**

Bylaws of the Corporation shall be adopted by the unanimous agreement of the initial members and may be altered, amended or rescinded by the directors in the manner provided in the Bylaws; provided that any such alterations, amendments and/or rescissions must first be unanimously approved by the initial members. Such approval must be evidenced in writing and be based upon the decision of the governing body of each initial member made during a duly convened and noticed meeting of said governing body.

**ARTICLE VIII: AMENDMENTS**

These Restated Articles of Incorporation may be amended or repealed, in full or in part, only upon unanimous approval of the initial members. Such approval must be evidenced in writing and

be based upon the decision of the governing body of each initial member made during a duly convened and noticed meeting of each said governing body. The foregoing notwithstanding, to the extent permitted by applicable law, after the issuance of any securities or obligations of the Corporation and while any securities or obligations may be outstanding, the powers, restrictions and limitations set forth herein may not be amended or rescinded unless necessary to comply with the requirements of applicable law.

#### **ARTICLE IX: RESTRICTIONS AND LIMITATIONS**

1. The Corporation is hereby limited to, and shall not engage, other than insubstantially, in any activities that do not further the purposes set forth in Article III, above.

2. No dividends shall be paid by the Corporation and no part of the net earnings of the Corporation shall enure to the benefit of or be distributable to its Directors, Officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Article III hereof.

3. No securities or obligations of the Corporation shall be issued unless there shall have been filed with the Secretary of the Corporation a certified copy of a resolution or other proceedings of the Board of Directors, approving the issuance of such securities or obligations.

4. The Corporation shall not carry on propaganda or attempt to influence legislation as a substantial part of its activities nor shall it participate or intervene to any extent (including the publishing or distribution of statements) in any political campaign for or against any candidate for public office.

5. In the event of dissolution, the residual assets of the Corporation shall be equally



distributed to the initial members of the corporation, for exempt public purposes pursuant to Section 501(c)(3) of the Internal Revenue Code, or to federal, state or local governments for public purposes, and none of the assets shall be distributed to any officer or director of the Company. Further, in the event of dissolution of the Company, each member, including former members, shall receive his proportionate share of the Company's property and assets based on patronage, insofar as is practicable, after paying or providing for the payment of all debts of the Corporation.

6. The Corporation shall not, without the affirmative vote of 100% of the members of the Board of Directors:

- (a) Institute a proceeding to be adjudicated insolvent, or consent to the institution of any bankruptcy or insolvency case or proceeding against it, or file or consent to a petition under any applicable federal or state law relating to bankruptcy, seeking the Corporation's liquidation or reorganization or any other relief for the Corporation as debtor, or consent to the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Corporation or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due or take any corporate action in furtherance of any such action;
- (b) Engage in any business or activity other than as expressly contemplated by Article III hereof;
- (c) Consolidate with or merge into any other entity or convey, transfer or lease its properties or assets substantially as an entity to another entity, or permit any entity to merge into the Corporation or convey, transfer or lease its properties and assets substantially as an entity to the Corporation, or
- (d) Notwithstanding the powers set forth in Section 617.0307(6), Florida Statutes (1997), increase or decrease the number of directors of the corporation.

#### **ARTICLE X: DISSOLUTION**

Only remaining initial members shall be entitled to vote on any resolution to dissolve this Corporation in accordance with Florida Statutes, provided a majority vote of the members present

have approved such resolution and all outstanding debt of the Corporation shall have been satisfied and a two year prior written notice of intent to dissolve the corporation shall have been provided to all initial members in advance of the meeting to vote on such resolution.

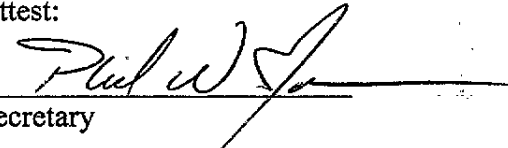
IN WITNESS WHEREOF, Fairpoint Regional Utility System, Inc., a Florida corporation not-for-profit, has executed these Restated Articles of Incorporation this 12<sup>th</sup> day of December 2001.

Fairpoint Regional Utility System, Inc

By:

  
President

Attest:

  
Secretary

CERTIFICATE OF  
FAIRPOINT REGIONAL UTILITY SYSTEM, INC.  
(a Florida corporation not-for-profit)

This certificate is filed with the Secretary of State, State of Florida, along with the Restated Articles of Incorporation of Fairpoint Regional Utility System, Inc., a Florida corporation not-for-profit. The original Articles of Incorporation of Fairpoint Regional Utility System, Inc., provide in Article VIII that they may be amended upon the unanimous approval of the initial members of the Corporation. The initial members of the Corporation of Fairpoint Regional Utility System, Inc are set forth in the Articles of Incorporation and are comprised of the following, to-wit: Holley-Navarre Water System, Inc., a Florida not-for-profit corporation; Midway Water System, Inc., a Florida not-for-profit corporation and, City of Gulf Breeze, a Florida municipal corporation. In accordance with the Articles of Incorporation, each of the initial members of Fairpoint Regional Utility System, Inc., has executed a consent to the filing of the Restated Articles of Incorporation which contains the amendment set forth in Article IX, paragraph (5) thereof.

Dated this 12<sup>th</sup> day of December, 2001.

Fairpoint Regional Utility System, Inc

By:   
President

Attest:

  
Secretary

**Consent of MIDWAY WATER SYSTEM, INC. , a Florida Not for Profit Corporation, to Restated Articles of Incorporation of FAIRPOINT REGIONAL UTILITY SYSTEM, INC.**

The undersigned, Midway Water System, Inc., does hereby consent to the filing of the Restated Articles of Incorporation of Fairpoint Regional Utility System, Inc , with the Secretary of State of the State of Florida.

This action is taken pursuant to action by the Board of Directors of the undersigned Corporation and pursuant to Article VII of the Articles of Incorporation of Fairpoint Regional Utility System, Inc.

Dated this 7 day of Jan, 2001-2002

**Midway Water System, Inc.**  
**a Florida not-for-profit corporation**

By:

William W. Fink  
President

Attest:

Ly Bess  
Secretary

**Consent of CITY OF GULF BREEZE, a Florida Municipal Corporation to  
Restated Articles of Incorporation of  
FAIRPOINT REGIONAL UTILITY SYSTEM, INC.**

The undersigned, City of Gulf Breeze., does hereby consent to the filing of the Restated Articles of Incorporation of Fairpoint Regional Utility System, Inc , with the Secretary of State of the State of Florida.

This action is taken pursuant to action by the City Council of the undersigned corporation and pursuant to Article VII of the Articles of Incorporation of Fairpoint Regional Utility System, Inc.

Dated this 12<sup>th</sup> day of December, 2001.

**City of Gulf Breeze,  
a Florida Municipal Corporation**

By:

  
Mayor

Attest:

  
City Clerk

**Consent of HOLLEY-NAVARRE WATER SYSTEM, INC. , a Florida Not  
for Profit Corporation, to Restated Articles of Incorporation of  
FAIRPOINT REGIONAL UTILITY SYSTEM, INC.**

The undersigned, Holley-Navarre Water System, Inc., does hereby consent to the filing of the Restated Articles of Incorporation of Fairpoint Regional Utility System, Inc , with the Secretary of State of the State of Florida.

This action is taken pursuant to action by the Board of Directors of the undersigned corporation and pursuant to Article VII of the Articles of Incorporation of Fairpoint Regional Utility System, Inc.

Dated this 14<sup>th</sup> day of January, 2002

**Holley-Navarre Water System, Inc.,  
a Florida not-for-profit corporation**

By: \_\_\_\_\_

President

Attest:

Joey Browne  
Secretary