

**CHARTER OF THE  
SUBSCRIBERS' ADVISORY COMMITTEE OF  
MANATEE INSURANCE EXCHANGE**

The Subscribers' Advisory Committee (the "Committee") of Manatee Insurance Exchange, a reciprocal insurer organized under the laws of the State of Florida (the "Exchange"), is a supervisory committee established to serve on behalf of the subscribers to the Exchange (the "Subscribers") for the purpose of advising, on Manatee Risk Management LLC, a Florida Limited Liability Company (the "AIF"), on matters of interest to the Subscribers. This Charter of the Subscribers of the Exchange (the "Charter") sets forth the terms and conditions upon which the Committee shall operate.

**ARTICLE 1.  
Powers of the Committee**

The Committee shall be authorized to:

- A. Supervise the finances of the Exchange by reviewing its financial condition, including any financial reports or other financial information submitted by the Exchange to the AIF;
- B. Supervise the operations of the Exchange to the extent necessary to ensure conformity with the Subscription Agreement and Power of Attorney ("Subscription Agreement"), and make recommendations to the AIF on any operational issues;
- C. Procure the audit of the accounts and records of the Exchange and the AIF, at the expense of the Exchange, and review the results of any such audit; and
- D. Adopt certain governance, election, voting or other rules, as the Committee determines, provided that such are consistent with the Subscription Agreement and Power of Attorney and this Charter of the Subscribers' Advisory Committee.
- E. The Committee shall have no power or authority to bind the Exchange to any subscription agreement or insurance policy, to enter into any other contractual obligation with third parties on behalf of the Exchange or the AIF, or to otherwise conduct business on behalf of or in the name of the Exchange or the AIF. Notwithstanding the foregoing, the Chair of the Committee shall be authorized to execute this Charter on behalf of the Exchange, and shall be further authorized to execute agreements between the AIF and the Exchange on behalf of the Exchange.

**ARTICLE 2.  
Membership and Terms**

- A. The number of members of the Committee shall be selected under such rules as the members of the Committee adopt but in no event shall the Committee be comprised of fewer than three (3) members or greater than twelve (12) members.
- B. At all times, each of at least two-thirds of the Committee members (i) shall be a Subscriber, (ii) shall not be employed by AIF, (iii) shall not represent AIF in any capacity, and

(iv) shall not have a financial interest in AIF (the “Independent Members”). The remaining one-third of the Committee members shall be appointed by the AIF in its sole discretion (the “AIF Appointed Members”). All Committee members shall be of appropriate character, background, and experience as to qualify such individual to serve on the Committee.

C. The initial Committee will be comprised of three (3) members who will be selected by the AIF. In selecting the initial Committee members, the AIF will select three (3) individuals, as follows: (i) Two (2) of the initial Committee shall be subscribers of the Exchange, and shall satisfy the requirements to be deemed Independent Members of the Committee pursuant to paragraph B. of this Article 2; (ii) the third initial Committee member shall be selected by the AIF in its sole discretion.

D. Within the first year of the Exchange’s operation, and each subsequent year thereafter, the AIF shall solicit ballots from the then-active subscribers of the Exchange to elect, or re-elect, the Independent Members of the Committee. The ballots shall identify those Independent Members of the Committee who wish to seek re-election and shall allow subscribers to nominate any subscriber of the Exchange to serve as a new Independent Member of the Committee. The ballot shall specify that any subscriber who fails to return a ballot to the AIF shall be deemed to have voted to re-elect the then-current Independent Members of the Committee.

E. The AIF will decide whether to re-appoint the AIF Appointed Members annually at such time that elections are held to elect the Independent Members of the Committee. If the AIF elects to appoint a new AIF Appointed Member to the Committee, the AIF shall provide notice of the appointment(s) to the then-active subscribers of the Exchange at the same time that it communicates the results of the election of the Independent Members of the Committee.

F. The term of each committee member shall be for one (1) year. Committee members may be elected or appointed, as provided in this Charter, for multiple terms, whether consecutive or separate. Mid-term vacancies shall be filled, either by Committee vote (in the case of Independent Members), or appointment by the AIF (in the case of AIF Appointed Members). Any member that is elected or appointed mid-term will serve in that role until the next annual election and appointment occurs, at which time the member may either run for re-election or resign from the position.

G. The Committee shall elect one member to serve as Chair of the Committee, at such time that Independent Member elections have been held and the AIF has appointed the AIF Appointed Member. The Chair will serve for a term of one (1) year, until such time that the Committee either re-elects the Chair or elects a new Chair.

H. The Committee shall have the authority to remove and replace any member of the Committee, for cause, as determined by the Committee in consultation with the AIF. The removal of any Committee member requires a majority vote of the entire membership of the Committee, after consultation with the AIF. Upon the removal of an Independent Member, the Committee shall vote to fill the vacancy, in accordance with Paragraph F. of this Article 2. Upon the removal of an AIF Appointed Member of the Committee, the AIF shall appoint a new AIF Appointed Member, in the AIF’s sole discretion. For the purpose of this paragraph, “cause” shall mean willful

misconduct, gross negligence, criminal activity, fraud, or the failure to carry out the member's duties as provided in this Charter.

I. Newly created Committee positions resulting from an increase in the number of Committee members, created in accordance with the rules promulgated by the Committee, and any vacancies on the Committee resulting from death, resignation, removal or other cause shall be filled by the affirmative vote of a majority of the remaining Committee members then in office, even if not presenting a quorum, or by the sole remaining Committee member. Any Committee member elected pursuant to this clause will hold office until the next annual selection of Committee members by AIF and until such Committee member's successor shall have been elected and qualified.

J. Members of the Committee will be reimbursed by the Exchange for all reasonable expenses associated with attending meetings of the Committee. In addition, for consideration of the counsel and service to be provided by each member of the Committee to the Exchange, each member (other than any employees of AIF) shall receive, at the expense of the Exchange, a reasonable and customary per-meeting fee. Nothing contained herein shall be construed to preclude any member from receiving compensation for services rendered to the Exchange or AIF in any other capacity, subject to the requirements set forth above.

### **ARTICLE 3.**

#### **Role of the Committee**

A. The Committee's role is supervisory, and the Committee understands and agrees that the AIF is responsible for the day-to-day operation of the Exchange, including, but not limited to, the preparation of the Exchange's financial statements and the selection of independent auditors with the Committee's ratification. The Committee further understands that the independent auditors are responsible for auditing the financial statements and that the AIF is responsible for the hiring and retention of the AIF's management and employees and determining their respective compensation. In addition, the Committee understands and agrees that the AIF's management has more time, more knowledge and more detailed information regarding the Exchange than does the Committee and that the management of the AIF has more time and more knowledge for the evaluation of the AIF's management and employees (or candidates to serve as such); consequently, in carrying out its supervisory responsibilities, the Committee shall not be deemed to provide any expert or special assurance as to the quality or trustworthiness of the AIF's management and employees (or candidates to serve as such), the Exchange's financial statements, or any professional certification as to the independent auditor's work.

B. In discharging its supervisory role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Exchange and the AIF. If a majority of the members of the Committee agree, the Committee may consult outside counsel, auditors, or other experts ("Advisors") to advise the Committee at the expense of the Exchange. Under such circumstances, the Exchange will be the party that contracts with Advisors, pursuant to a written agreement that is executed by an officer of the AIF; however, the Advisors will consult with and advise the Committee on behalf of the Exchange.

C. Notwithstanding anything in this Charter to the contrary, the Committee will not be authorized to sue, bring other legal action, or commence arbitration against the Exchange, AIF, or any third parties.

D. After the Exchange has been in operation for one year, the senior management of the AIF will meet on a quarterly basis with the SAC to discuss any issues of concern made known by the Subscribers to the SAC. By the next quarterly meeting, if not sooner, the senior management of the AIF will provide the SAC with a written response to any issues of concern presented at the prior meeting, if any, including a description of the actions the AIF has undertaken to address the issues of concern in accordance with customary insurance practices. At the next meeting, the SAC shall advise the senior management of the AIF if the actions it took are reasonably addressing the issues of concern as originally presented. If a majority of the members of the SAC are not reasonably satisfied with the results of the actions undertaken, the SAC shall present the issues of concern to the Florida Office of Insurance Regulation (the “Office”) for consideration in the sole discretion of the Office. For the avoidance of doubt, the role of the Office is not to mediate or settle disputes between the SAC and AIF related to contractual interpretation; rather, the Office’s function is to ensure that the Exchange and AIF comply with the Subscription Agreement, this Charter, and applicable Florida law.

#### **ARTICLE 4.**

##### **Meetings of the Committee**

A. The Committee shall meet once during each calendar quarter to review the financial statements of the Exchange for such quarter and such other matters as the Committee shall determine. During the first quarter of each calendar year, the Committee also shall meet to review the performance of the AIF and make recommendations concerning the AIF’s management of the Exchange and the selection of its independent auditors. The AIF shall provide at least ten (10) days’ notice of the meetings to each member of the Committee by telephone, e-mail or otherwise in writing. Special meetings of the Committee may be called by the AIF on one (1) days’ notice to each member, either by telephone, e-mail or otherwise in writing. Special meetings shall be called by the AIF in like manner and on like notice upon the written request of a majority of the members of the Committee. The AIF, in its sole discretion, may designate employees of the AIF to attend the meetings of the Committee. A majority of the total number of Committee members shall constitute a quorum for the conduct of a meeting and the transaction of any business. The vote of a majority of the Committee members present at a meeting at which a quorum is present shall be an act of the Committee.

B. Meetings of the Committee shall be held at such times and places within or without the State of Florida, as the Committee may from time to time determine, or as may be designated in the notice of the meeting. One or more members of the Committee may participate in any meeting of the Committee by means of a conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another. Participation in a meeting by such means shall constitute presence in person at the meeting.

C. Any action required or permitted to be taken at a meeting of the Committee may be taken without a meeting if, prior or subsequent to the action, consent thereto is signed by all of the members of the Committee and is filed with an officer of the AIF.

**ARTICLE 5.**  
**Indemnification of Committee Members**

A. The Exchange shall indemnify any member of the Committee who was or is a party to, or is threatened to be made a party to, or who is called as a witness in connection with, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, regulatory, or investigative, including an action by or in the right of the Exchange, by reason of the fact that the member is or was a member of the Committee. This indemnification shall include expenses, including attorneys' fees, judgments, fines and amounts paid in settlement, actually and reasonably incurred by the member in connection with some action, suit or proceeding unless the act or failure to act giving rise to the claim for indemnification is determined by a court to have constituted willful misconduct or recklessness.

B. The Exchange shall pay expenses incurred by a Committee member in defending an action or proceeding referred to herein in advance of the final disposition of such action or proceeding upon receipt of an undertaking by or on behalf of such person to repay such amount if it shall ultimately be determined that he or she is not entitled to be indemnified by the Exchange.

C. The indemnification and advancement of expenses provided or granted herein shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any agreement, contract, vote of the board of the AIF or otherwise, both as to action in any Committee member's official capacity and as to action in another capacity while holding such office.

D. The indemnification and advancement of expenses provided or granted herein shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a member of the Committee and shall inure to the benefit of the heirs, executors and administrators of such person.

E. The Exchange or the AIF, as applicable, shall maintain Directors & Officers insurance from a highly rated insurance company at limits that are deemed appropriate by the Committee and consistent with limits carried by comparable insurance companies.

**ARTICLE 6.**  
**Amendments**

A. The Committee reserves the right to amend, modify, or repeal, upon receiving the concurrence of AIF, any provision contained in this Charter, subject to compliance with applicable law and the approval of the Florida Office of Insurance Regulation, provided, that, the provisions of Article 5 may only be reduced prospectively.

*Signatures located on following page.*

**IN WITNESS WHEREOF**, the Parties have executed this Agreement on the day and year first above written by the undersigned thereunto duly authorized.

**Manatee Insurance Exchange**

Signature: \_\_\_\_\_



Name: John Burns

Title: Chair – Subscriber Advisory Committee

Date: January 30, 2024

**Manatee Risk Management LLC,  
Attorney-in-Fact of Manatee Insurance  
Exchange**

Signature: \_\_\_\_\_



Name: Steven Hoffman

Title: Chief Financial Officer

Date: January 30, 2024