



BYLAWS

INDEX OF ARTICLES

Article I - Members

Section 1.01 - Qualifications, Applications, and Obligations	1
Section 1.02 - Joint Membership	2
Section 1.03 - Purchase of Electric Energy	3
Section 1.04 - Power Production by Member	4
Section 1.05 - Wiring of Premises; Responsibility Thereof; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibilities; Indemnification	4
Section 1.06 - Member to Grant Easements	5
Section 1.07 - Non-Liability for Debts of the Cooperative	5

Article II - Membership Suspension and Termination

Section 2.01 - Suspension; Reinstatement	5
Section 2.02 - Termination by Expulsion; Renewed Membership	6
Section 2.03 - Withdrawal of Membership	6
Section 2.04 - Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners	6
Section 2.05 - Effect of Termination	7
Section 2.06 - Effect of Death, Legal Separation, or Divorce upon a Joint Membership	7
Section 2.07 - Board Acknowledgment of Membership Termination; Acceptance of Member Retroactively	8

Article III - Meetings of Members

Section 3.01 - Annual Meeting	8
Section 3.02 - Special Meetings	9
Section 3.03 - Notice of Members' Meetings	9
Section 3.04 - Quorum	9
Section 3.05 - Voting	10
Section 3.06 - Proxies	10
Section 3.07 - Representative Voting	11
Section 3.08 - Order of Business	12

Article IV - Directors

Section 4.01 - General Powers	12
Section 4.02 - Geographic Representation	13
Section 4.03 - Tenure & Qualifications	13
Section 4.04 - Nomination Process; Credentials and Elections	14
Section 4.05 - Removal of Directors and Officers	16
Section 4.06 - Vacancies	17

Section 4.07 - Compensation, Reimbursement, Employment of Relatives	17
Section 4.08 - "Close Relative" Defined	17
Section 4.09 - Rules and Regulations	18
Section 4.10 - Accounting Systems and Reports	18
Section 4.11 - Change in Rates	18
Section 4.12 - Indemnification and Liability Insurance	18
Article V - Meetings of Directors	
Section 5.01 - Regular Meetings	21
Section 5.02 - Attendance by Members of the Board of Directors	21
Section 5.03 - Special Meetings	22
Section 5.04 - Notice	23
Section 5.05 - Quorum	23
Article VI - Officers	
Section 6.01 - Number	23
Section 6.02 - Election and Term of Office	24
Section 6.03 - Removal	24
Section 6.04 - Vacancies	24
Section 6.05 - President	24
Section 6.06 - Vice President	25
Section 6.07 - Secretary	25
Section 6.08 - Treasurer	26
Section 6.09 - Delegation of Secretary's and Treasurer's Responsibilities	26
Section 6.10 - General Manager	26
Section 6.11 - Bonds of Officers	26
Section 6.12 - Compensation	26
Section 6.13 - Reports	27
Article VII - Contracts, Checks and Deposits	
Section 7.01 - Contracts	27
Section 7.02 - Checks, Drafts, Etc.	27
Section 7.03 - Deposits	27
Section 7.04 - Establishing Funds	28
Article VIII - Non-Profit Operation	
Section 8.01 - Apportionment of Excess Revenues	28
Section 8.02 - Interest or Dividends on Capital Prohibited	28
Section 8.03 - Patronage Capital in Connection with Furnishing Electric Energy	28
Section 8.04 - Dissolution or Liquidation	31
Section 8.05 - Patronage Refunds in Connection with Furnishing Other Services	31

Article IX - Access to Cooperative Records	
Section 9.01 - Access to Corporate Records	31
Article X - Sale or Lease of Assets of the Cooperative	
Section 10.01 - Vote of the Members Not Required	32
Section 10.02 - Vote Required	33
Section 10.03 - Procedural Requirements	33
Section 10.04 - Required Disclosure	34
Section 10.05 - Competing Bid Disclosure	35
Section 10.06 - Effect of Noncompliance	35
Section 10.07 - Non-application to Consolidation	36
Section 10.08 - Severability	36
Article XI - Miscellaneous	
Section 11.01 - Membership in Other Organizations	36
Section 11.02 - Waiver of Notice	36
Section 11.03 - Fiscal Year	37
Section 11.04 - Seal	37
Section 11.05 - Alternative Dispute Resolution	37
Section 11.06 - Amendments	39
Section 11.07 - Robert's Rules of Order	39

BYLAWS

of

SINGING RIVER ELECTRIC COOPERATIVE

ARTICLE I

MEMBERS

Section 1.01. Qualifications, Applications and Obligations.

(a) Any individual, firm, corporation, business association, or body politic may become a member of Singing River Electric Cooperative, herein called “the Cooperative” by:

- (1) making an application therefor; and
- (2) paying the membership fee hereinafter specified; and
- (3) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (4) agreeing to comply with and be bound by the Certificate of Incorporation of the Cooperative and by these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.

(b) All applications received for membership will be considered by the Board of Directors at the next scheduled Board Meeting if such application is received with sufficient time to be added to the agenda and subject to compliance by the applicant with the conditions set forth in Section 1.01(a). No member may own more than one (1) membership in the Cooperative.

(c) With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Cooperative.

(d) The membership application shall be accompanied by any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative, which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction if any) shall be refunded in the event the application is not approved. Any former member of the Cooperative may, by the sole act of paying a new membership fee and any outstanding account balance (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Cooperative), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

(e) Membership fee: Service Security and Facilities Extension deposits; Contribution in Aid of Construction. The membership fee shall be fixed from time to time by the Board of Directors. The membership fee shall entitle the member to more than one service connection. However, any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, may be required by the Cooperative for each connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative, shall be paid by the member for each additional service connection requested by him or her if so required by the Cooperative.

Section 1.02. Joint Membership.

Married couples may be accepted into the membership as joint members, unless otherwise specified in the application for membership. Either spouse may sign such application for the other if receiving service at the same location. If one of them is already a member, he or she may if so desired convert such membership into a joint one upon notice to the Cooperative. The words "member," "applicant," "person," "his or her," and "him or her" as used in these bylaws, shall include married couples applying for or holding a joint membership, unless otherwise clearly distinguished in the text; and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities, and liabilities of membership shall apply equally, severally, and jointly to them. Without limiting the generality of the foregoing—

(a) the execution by either or both of a proxy shall constitute one joint proxy;

(b) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting and a revocation of any proxy executed by either, or both pursuant to Section 3.06 of these bylaws;

- (c) the vote of either or both shall constitute, respectively, one joint vote;
- (d) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (e) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership except as provided by Section 2.06;
- (f) either, but not both concurrently, shall be eligible to serve as a Director of the Cooperative, but only if both meet the qualifications required therefor.

Section 1.03. Purchase of Electric Energy.

Each member shall, as soon as electric energy is made available, purchase from the Cooperative electric energy used on the premises specified in the member's application for membership, and shall pay at the applicable rate schedule which shall from time to time be fixed by the Board of Directors. It is expressly understood that amounts paid for electric energy in excess of the operating costs and expenses of providing service are furnished by members as capital, and each member will be credited with the capital so furnished as provided in these bylaws. The Cooperative shall have the right, but not the obligation, to set-off the capital of a member against any amounts due and owing from the member to the Cooperative.

The Cooperative cannot and therefore does not guarantee an uninterrupted and continuous supply of electric energy. Additionally, the Board of Directors may limit the amount of electric energy the Cooperative shall be required to furnish to any one member.

Each member applicant shall assume liability and make payment for the following:

- (a) The account(s) for which electric power service is rendered by the Cooperative, at the location for which application for service is made.
- (b) Subject to the rules and regulations of the Public Service Commission, any delinquent account(s) or amount owed to the Cooperative where the member or applicant has resided at the location receiving service but only for such delinquency or account which occurred while the member or applicant was a resident.

Each applicant will furnish sufficient identification to verify his or her true identity and any previous addresses required by the Cooperative.

Section 1.04. Power Production by Member.

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.

Notice of the presence or intent to construct such co-generation facilities upon the premises shall be given to the Cooperative. Compliance with the National Electrical Safety Code and the National Electrical Code is a prerequisite before any interconnection with the Cooperative facilities may be allowed.

Section 1.05. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibilities; Indemnification.

Each member shall cause all premises receiving electric service pursuant to his or her membership to become and to remain wired in accordance with the specifications of the National Electrical Code, the National Electrical Safety Code, any applicable state code or local government ordinances, and of the Cooperative, it being understood and agreed that the connection by the Cooperative to the members' premises shall not in any way or manner constitute the Cooperative's approval of the member's wiring or the safety or adequacy of the same. The Cooperative shall have no duty to inspect, approve, or disapprove any wiring and/or equipment of the member. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss, damage, or claims resulting from any defect in or improper use or maintenance of such premises and all wiring apparatuses connected thereto or used thereon. 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 meter reading and for inspection, operation, maintenance, replacement, relocation, or repair of such facilities 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 shall use his or her best efforts to prevent others from doing so. Each member shall also provide such protective devices on his/her premises, apparatuses, or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interferences with or damage to such facilities. 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 should have prevented such, the member shall indemnify the Cooperative and its employees, agents, and independent contractors against death, injury, loss, damage, or claims 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. 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 or any error occurring in the Cooperative's billing procedures. No collection, reimbursement, or other relief may be awarded for overbillings occurring more than six years prior to the date of the member's written claim to the Board of Directors. In no event shall the responsibility of the Cooperative extend beyond the point of delivery.

Section 1.06. Member to Grant Easements.

Each member if legally able shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on, and under such lands owned or occupied by the member, and in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service on said land to the member or other occupants or for the construction, extension, improvement, operation, maintenance, or relocation of the Cooperative's electric facilities on said land.

Section 1.07. Non-Liability for Debts of the Cooperative.

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

**ARTICLE II
MEMBERSHIP SUSPENSION AND TERMINATION**

Section 2.01. Suspension; Reinstatement.

Upon the failure to pay any amounts due the Cooperative, after the expiration of the initial time limit prescribed in a specific written notice to a member, a person's membership may be suspended; and such person may not during such suspension be entitled to receive electric service from the Coop-

erative or to cast a vote at any meeting of the members. For any other non-compliance with membership obligations, the Board of Directors may suspend such member five (5) calendar days after notice of such noncompliance is given. Payment of all amounts due the Cooperative, including any additional charges required for service reinstatement, and/or cessation of any other noncompliance with his or her membership obligations within a final time limit provided in such notice or rules and regulations shall automatically reinstate the membership in which event the member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meeting of its members.

Section 2.02. Termination by Expulsion; Renewed Membership.

Upon failure of a suspended member to be automatically reinstated to membership as provided in Section 2.01, the member may, without further notice, but only after due hearing if such is requested by the member, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) calendar days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which the latter event such person's membership shall be reinstated retroactively to the date of expulsion. After any finally effective expulsion of a member, such person may not again become a member except upon new application therefor duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his or her membership obligations.

Section 2.03. Withdrawal of Membership.

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe, thus terminating membership and service.

Section 2.04. Termination by Death or Cessation of Existence; Continuation of Membership in Remaining or New Partners.

Except as provided in Section 2.06, the death of an individual member

shall automatically terminate membership. Except for a joint member, any individual who continues to reside at a location that was previously receiving service in the name of the decedent must apply for a new membership by following the provisions of Section 1.01. 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, or upon the death, withdrawal, or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been different partners; PROVIDED FURTHER, that neither a withdrawing partner nor its estate shall be released from any debts then due the Cooperative.

Section 2.05. Effect of Termination.

Upon the termination of any manner of a person's membership, or its estate, as the case may be, said member shall be entitled to a refund of the membership fee (and to his or her service security deposit, if any, theretofore paid the Cooperative), less any amount due the Cooperative; but neither the member nor its estate, as the case may be, shall be released from any debts or other obligations then remaining due the Cooperative. Notwithstanding the suspension or expulsion of a member as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from membership obligations as to entitle him or her to purchase from any other source any central station's electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership. The former member, or his/her estate, shall have the rights related to any capital such former member contributed to the Cooperative as set forth in Article VIII.

Section 2.06. 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 spouse 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 to directly occupy or own the premises 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.

Section 2.07. Board Acknowledgment of Membership Termination; Acceptance of Member Retroactively.

Upon the termination of a person's membership for any reason, the Board of Directors as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. Upon discovery that the Cooperative has been furnishing electric service to any person other than a member, it shall cease furnishing such service unless such person applies for, and the Board of Directors approves, membership retroactively to that date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct its membership and all related records accordingly. If the Cooperative acquires facilities which are already providing electric service to patrons not members of the Cooperative, the Cooperative may, for the purpose of continuing existing service and avoiding hardship, continue to serve the persons served by such facilities at the time of such acquisition without requiring that such persons become members; but, in no event shall such non-member patrons' revenue exceed fifteen percent (15%) of the total revenue received by the Cooperative. However, the Cooperative may require such patrons to apply for membership with the Cooperative within a reasonable time by following the provisions set forth in Section 1.01.

**ARTICLE III
MEETINGS OF MEMBERS**

Section 3.01. Annual Meeting.

For the purpose of electing Directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held in June each year, at such place in one of the counties of Mississippi within which the Cooperative serves, and beginning at such hour, as the Board of Directors shall from year to year fix; PROVIDED, that, for cause sufficient, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the month otherwise established for such meet-

ing in this Section. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

It shall be the responsibility of the Board to make adequate plans and preparation for the annual meeting, and to encourage attendance by the membership at these meetings.

Section 3.02. Special Meetings.

Special meetings of the members may be called by at least a majority of Directors or upon written request signed by at least ten percent (10%) of the 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 may be held at any place within the service area of the Cooperative, in the State of Mississippi, specified in the notice of the special meeting.

Section 3.03. Notice of Members' Meetings.

Written or printed notice stating the place, day, and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than fifteen (15) calendar days nor more than sixty (60) calendar days before the date of the meeting, either personally, by mail, or electronically, to each member. If Directors are to be elected at such meeting, the notice of members' meeting shall include a statement of the Board members to be elected as provided in Section 4.04. Unless contained with such notice, no matter may be acted upon at that meeting which requires the affirmative votes of at least a majority of the members. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 3.04. Quorum.

Ten percent (10%) of all members shall constitute a quorum at a regular or special meeting of members. This number shall be arrived at by adding the number of members present in person at the meeting, the number of members represented at that meeting by valid proxies filed as provided by these bylaws, and the number of ballots received from members online. If less than a quorum

is present at any meeting of members, the officer of the Cooperative who is presiding at the meeting may without a motion declare the meeting adjourned and closed, or he or she may hold the meeting open for a reasonable period of time, not longer than thirty (30) minutes, to see if a quorum is present within that time; and the meeting shall automatically be adjourned and closed if a quorum shall not be present at the end of said thirty (30) minute period. The members present at a meeting at which a quorum is not present shall not have the power to take any kind of action, including, but not by way of limitations, adjourning said meeting to another time or place. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who registered as present in person or who were represented by valid proxies or voted online.

Section 3.05. Voting.

Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members at which a quorum is present. A member may vote in person, online or by proxy. Online voting will be available to members after July 1, 2010. Online votes may be cast by members beginning the date the meeting notice is delivered and ending not less than four (4) business days prior to the meeting. At a meeting of the members where Directors are to be elected, all members may cast one vote for each Director to be elected. A member may cast a ballot by voting in person, online, or by proxy. Each member may vote his or her own vote plus those proxies executed in his or her favor, pursuant to Section 3.07 of these bylaws. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Certificate of Incorporation or these bylaws. Members may not cumulate their votes. Members whose ballot was received online cannot have their vote rescinded. They are not entitled to a vote at the meeting.

Section 3.06. Proxies.

At all meetings of the members, a member may vote by proxy executed in writing or electronically by the member, subject to the provisions hereinafter set forth, provided, however, any member holding and intending to vote a proxy must file the executed proxy at the Cooperative's headquarters, not less than

four (4) business days prior to the meeting. The proxy must have entered thereon the account [member] number of the member appointed to vote the proxy. If one person shall receive electric service through two (2) or more meters at different premises, he or she shall be entitled to not more than one (1) vote at any meeting of the members, in accordance with the Certificate of Incorporation of the Cooperative. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No member shall vote as proxy for more than two-hundred (200) members at any meeting of the members. However, the Board of Directors shall vote the proxies assigned to it. The proxies assigned to the Board shall be cast in proportion to the votes cast by the individual board members. The presence of a member at a meeting of the members shall rescind a proxy theretofore executed by that member, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the proxy had not been executed. In case of a joint membership, a proxy may be executed by either spouse. The timely presence of either spouse at a meeting of the members shall rescind a proxy theretofore executed by either of them and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed. A standard proxy form shall be used which identifies the member by name and account [member] number, in order to assure authenticity and facilitate the tabulation of votes. If the proxy form of a member is lost, stolen, or destroyed, the Cooperative shall furnish the member with a replacement proxy form upon request, provided that the member executes a revocation of the lost, stolen, or destroyed form, to be witnessed by an employee of the Cooperative. Blank proxy forms will not be distributed in bulk to any member. Only the proxy form issued by the Cooperative shall be valid.

Section 3.07. Representative Voting.

Legal entity organizations and non-legal entity organizations which are members of the Cooperative may be represented at any meeting of the members and may vote only as follows:

- (a) any director, officer, or general manager may represent and cast the vote of a corporation;
- (b) a trustee, steward, deacon, clerk, or pastor duly may represent and cast the vote of a church;
- (c) a school trustee, principal, or superintendent may represent and cast the vote of a school;

(d) and any other association or organization not a legal entity may be represented by and have its vote cast by any person who is a trustee, or manager, or part owner, or any officer of such association or organization.

Section 3.08. Order of Business.

The order of business at the annual meetings of the members and, so far as practicable, at all other meetings of the members shall be essentially as follows, except as otherwise determined by any officer of the Cooperative who is presiding at such meeting:

- (a) Report on the existence of a quorum.
- (b) Read the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting.
- (c) Read, or the waiver thereof, unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (d) Present and consider the reports of officers, Directors, and committees.
- (e) Ask Secretary to present petitions filed and posted for the nominations of Directors.
- (f) Election of Directors.
- (g) Unfinished business.
- (h) New business.
- (i) Adjournment.

ARTICLE IV DIRECTORS

Section 4.01. General Powers.

The business and affairs of the Cooperative shall be managed by a Board of Directors which shall have all of the powers and rights permitted by the applicable state energy code. The Board of Directors shall exercise all of the powers of the Cooperative except such as are prohibited by law, or by the Certificate of Incorporation of the Cooperative, or by these bylaws conferred upon or reserved to the members.

Section 4.02. Geographic Representation.

(a) In order to assure representation of the geographical areas of the Cooperative on the Board of Directors of the Cooperative, three (3) of the Directors of the Cooperative shall be residents of District 1 which consists of Greene, Perry, or Wayne counties in Mississippi or Washington County in Alabama; three (3) of the Directors of the Cooperative shall be residents of District 2 which consists of George or Stone counties in Mississippi or Mobile County in Alabama; and four (4) of the Directors of the Cooperative shall be residents of District 3 which consists of Jackson or Harrison counties in Mississippi.

(b) The Directors of the Cooperative shall be elected and hold office by Post Numbers one, two, three, and four. Post No. 1 shall consist of one director from Districts 1, 2, and 3; Post No. 2 shall consist of one director from Districts 1, 2, and 3; Post No. 3 shall consist of one director from Districts 1, 2, and 3; and Post No. 4 shall consist of one director from District 3.

(c) In the year 1992, Post No. 1 Directors were elected for a period of three years. In the year 1993, Post No. 2 Directors were elected for a period of three years. In the year 1994, Post No. 3 Directors were elected for a period of three years. The three director positions for each post are subject to election every three years.

(d) In the year 2018, Post No. 3 and Post No. 4 Directors will be elected for a period of three years. Director positions for Post No. 3 and Post No. 4 are subject to election every three years.

Section 4.03. Tenure & Qualifications.

(a) At each annual meeting of the members, each Post which is subject to election shall be elected by ballot, by and from the members, to serve for a term of three (3) years as provided by law. If the election of Directors shall not be held at the annual meeting or if such annual meeting is not held, each Director shall hold office until his or her successor has been elected and qualified.

(b) At any meeting, ballots shall not be necessary in the event the number of persons nominated for Directors does not exceed the number of Directors to be elected, but in such case if there be no objection, the Directors may be elected in other proper manner. Drawing by lot shall resolve, where necessary, any tie votes. If an election of Directors shall not be held on the day designated for the annual meeting, a special meeting of the members may be held for the purpose of electing Directors within a reasonable time thereafter.

(c) No person shall be eligible to become or remain a Director or to hold any

position of trust in the Cooperative who is not an active member in good standing of the Cooperative, not a bona fide resident of the district county from which he or she is to be elected, or who is in any way employed by or financially interested in a competing enterprise.

(d) All director candidates and sitting directors shall be and remain in compliance with the Director and Officer Code of Ethics Policy.

(e) In order to be eligible to become or remain a Director of the Cooperative, a person must be an individual or joint member of the Cooperative receiving service therefrom at his or her primary residential abode for 12 consecutive months prior to the nomination, not be an employee of the Cooperative or be receiving benefits or other compensation from the Cooperative or its insurance carriers, or be eligible to receive benefits or other compensation from the Cooperative (other than as a Director), complete and return to the Cooperative a Director Candidate Packet, during the Director qualification period, and not be a close relative as defined in Section 4.08 of an employee, incumbent Director, or the Director being replaced.

(f) No person shall be eligible to become or remain a Director of, or to hold any other position in trust in, the Cooperative who is not at least old enough to have the legal capacity to enter into a binding contract.

(g) Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as may be provided elsewhere in these bylaws, it shall be the duty of the Credentials Committee presiding at the meeting at which such nominee would be otherwise voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a Directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such positions from such person, or to cause them to be removed therefrom, as the case may be.

(h) Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever, the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this section and in which one or more of the Directors have an intent adverse to that of the Cooperative.

Section 4.04. Nomination Process; Credentials and Elections.

(a) Nominations by Petition. Any twenty-five (25) members acting together may nominate a candidate for Director by submitting a petition for nomination between January 1 and 5 p.m. on the last business day in February of that year.

A Director Candidate Packet must be completed and returned to the Cooperative during the Director qualification period. A candidate may submit a Director Candidate Packet for one director post per year. Any petition for nomination shall contain the name and address of the nominee and be submitted on a form designated and provided by the Cooperative. Each member signing such petition should place thereon the date of signing, address, account number, and service location of the member. For a nomination by petition to be placed on the notice of the members' meeting, it must be received at the Cooperative's headquarters no later than 5 p.m. on the last business day in February of that year. The Secretary must mail with the notice of the meeting or separately a statement of the number of Board members to be elected and the names of the candidates nominated by petition.

(b) Credentials and Election Committee. In order to carry out its duty to approve eligibility for membership on the Board of Directors, and to review the Director election process, the Board of Directors may appoint a committee on credentials and elections consisting of not less than three (3) nor more than nine (9) members who shall be selected from different geographic areas of the Cooperative so as to ensure equitable geographic representation. No existing Cooperative employees, agents, officers, Directors or known candidates for Director, and close relatives (as hereinafter defined) or members of the same household of existing Cooperative employees, agents, officers, Directors or known candidates for Director may serve on such committee. It is the responsibility of the Board of Directors to appoint the chairman of the credentials committee. The committee shall meet at a time and place set by the Board of Directors. In the event of the failure of the Board to appoint said Credentials and Election Committee, then in that event the President or Chair of the meeting pursuant to Section 6.05 (a) may appoint said committee during the forepart of the members meeting, or at such other appropriate time. It may be the responsibility of the committee to pass upon all questions that may arise with respect to the registration and qualifications of members in person, online, or by proxy, the regularity of all Petitions for Nominations of Directors, the qualifications of all nominees for Directors, to supervise the counting of all ballots cast in any election or other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. In the exercise of its responsibility, the Credentials and Election Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a written protest or objection is filed concerning any election, such protest or objection must be filed in writing delivered to the Chair during the meeting, or in writing, at the Cooperative's headquarters, within three (3) business days following the adjourning of the meeting in which the voting is conducted. The Credentials and Election Committee shall thereupon be reconvened, in person or by telephone, upon notice from its chairman, not less than seven (7) calendar days after such protest or objection is filed. The Committee shall consider such evidence as may be presented by the protester(s) or objector(s), who may be

heard in person, by counsel, or both, or through the written protest, together with any opposing evidence; and the Credentials and Election Committee, by a vote of a majority of those present and voting, shall, within a reasonable time, but not later than thirty (30) calendar days after such hearing, render its decision, the result of which may be to affirm the election, to change in part the outcome thereof, or to set it aside entirely. Upon any procedural irregularity, the Board of Directors may request reconsideration of any issue. Otherwise, the Credentials and Election Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

(c) In the event of any meeting of the members at which Directors shall not be elected, the Board of Directors may nevertheless appoint a Credentials Committee with full authority to pass upon all applicable matters herein provided, as well as any other matters or questions which may be referred to it by the chair of the meeting or the Board of Directors. The Credentials Committee is to be appointed in the same manner as provided herein for the Credentials and Election Committee. The President of the Board, or his or her designee, shall preside at and conduct all meetings of the members with full authority to refer any questions deemed appropriate by the President or designee to the aforesaid Committee for decision which he or she shall deem appropriate.

(d) Notwithstanding anything in this Section contained, failure to comply with any of the provisions of this Section shall not affect in any manner whatsoever the validity of any election of Directors.

Section 4.05. Removal of Directors and Officers.

Any member for just cause may bring charges against an officer or Director by filing them with the Secretary, together with a petition signed by at least ten percent (10%) of the members, requesting the removal of the officer or Director in question.

"Just cause" includes but is not limited to: official misconduct or gross negligence while in the performance of official duties and/or final convictions of a felony. The removal 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 the members at such meeting as set forth in Section 4.06. The Director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel or both and to present evidence; and the person or persons bringing the charges shall have the same opportunity.

Section 4.06. Vacancies.

(a) A vacancy on the Board of Directors shall occur as a result of the resignation or death of an incumbent director; or

(b) A vacancy in a Board of Director position may be declared by the affirmative vote of two-thirds of the remaining board members, if:

(1) A director misses three consecutive meetings, which absences did not occur for justifiable cause and will not recur; or

(2) A director becomes incapable of performing the duties of a director and such incapacity is not likely to cease within a reasonable time; or

(3) A director is no longer in compliance with applicable Association bylaws or policies.

(c) Vacancies on the Board of Directors shall be filled by vote of the membership at the next annual meeting of a person who is properly qualified to seek office of Director as defined in these bylaws. If the vacancy occurs during the term of the departing director, the person so elected shall serve the balance of the unexpired term.

Section 4.07. Compensation and Reimbursement.

Directors shall be entitled to reasonable compensation for time spent and to reimbursement for expenses incurred by them in the performance of their duties. Compensation of Directors shall be in such amounts as may be authorized by the Board of Directors from time to time. Reimbursement to Directors for expenses incurred while performing duties as such may be made either (1) by payment of the actual amount of such expenses upon presentation of an itemized account therefor, or (2) by the payment of such fixed sum for each occasion involving the performance of duties for the Cooperative as may be authorized and deemed reasonable by the Board of Directors.

Section 4.08. "Close Relative" Defined.

As used in these bylaws, "close relative" means a person who is related to the third degree by blood or marriage to a present employee or director, including step and adoptive kin. This includes, for instance: spouse, father, mother, son, daughter, brother, sister, grandparent, grandchild, niece, nephew, aunt, uncle, son-in-law, daughter-in-law, mother-in-law, father-in-law,

sister-in-law, or brother-in-law.

Section 4.09. Rules and Regulations.

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Certificate of Incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

Section 4.10. Accounting Systems and Reports.

The Cooperative's accounting system shall be of the type and form as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America, National Rural Utilities Cooperative Finance Corporation, and the Mississippi Public Service Commission, and subject to all applicable laws, rules and regulations of any lawful regulatory body. A complete audit of the accounts, books, and financial condition of the Cooperative shall be made as of and as soon as practical after the end of each fiscal year by a certified public accountant. A report on such audit may be submitted to the members at the following annual meeting. If deemed practical by the management of the Cooperative, a summary of the financial status of the Cooperative may be published annually, and such summary will be furnished to any member of the Cooperative but only upon written request made therefor.

Section 4.11. Change in Rates.

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America or any other lending agency of the Cooperative prior to the date upon which any proposed change in the rate charged by the Cooperative for electric energy becomes effective; further, the applicable state Public Service Commission shall be given ample and lawful notice of any proposed change in the rates charged by the Cooperative for electric energy according to the rules of the Public Service Commission or requirements of the Public Service Commission.

Section 4.12. Indemnification and Liability Insurance.

(a) On the terms and conditions hereinafter stated, the Cooperative or its

insurer shall indemnify any Director, officer, or employee of the Cooperative, including any former Director, officer, or employee of the Cooperative, who is or was a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative, or investigative, by virtue of his or her position within the Cooperative, for expenses, claims, liabilities, costs, judgments, fines, including attorney's fees reasonably incurred or imposed upon such person in connection with such actual or threatened action, suit, proceeding, or investigation and against any amount reasonably and with prior approval of the Board of Directors of the Cooperative paid in settlement of any such actual or threatened suit, action or proceeding if:

(1) the action complained of was undertaken in good faith; and

(2) it was in good faith believed that:

(A) actions taken in any official capacity of the Cooperative were in its best interests;

(B) conduct in any other capacity was at least not opposed to the Cooperative's best interests; and

(C) in the case of any criminal proceeding, there was no reasonable cause to believe the conduct was unlawful.

The termination of a proceeding by judgment, order, settlement, or conviction is not, of itself, determinative as to whether the requisite standard of conduct has been met.

(b) The purpose of this provision is to remove any financial risk in connection with the good faith service of a Director, officer, or employee and to this end the Cooperative shall secure and maintain adequate liability insurance governing such indemnification, expenses, and attorney's fees to the extent that it is reasonably available as determined by the Board and other provisions to the contrary notwithstanding, such indemnification as herein provided shall be provided at least to the extent of any applicable insurance coverages.

(c) The Cooperative may pay for or reimburse the reasonable expenses incurred by a Director, officer, or employee who is a party to a proceeding in advance of final disposition of the proceeding if:

(1) the individual furnishes the Cooperative a written statement of his or her good faith belief that he or she has met the standard of conduct described in Section 4.12 (a) above;

(2) the written statement reflects an agreement by the individual to repay the advance if it is ultimately determined that he or she did not

meet the standard of conduct; and

(3) a determination is made that the facts then known to those making the determination would not preclude indemnification.

The undertaking required by subsection 4.12(c) above shall be an unlimited general obligation of the Director, officer, or employee but need not be secured and may be accepted without reference to financial ability to make repayment.

(d) There shall be no indemnification of any Director, officer, or employee of the Cooperative if the Board affirmatively finds that they did not meet the standard of conduct outlined in Section 4.12 (a) above. In making such a determination, the Board must affirmatively state that sufficient facts exist to support a finding of non-compliance with the above described standard of conduct.

Such an affirmative statement must be made by a majority of Board members who are not the object of the action, suit, proceeding, or investigation. Should the entire Board be made the object of such action, suit, proceeding, or investigation, then there shall be appointed by the Board of Directors of the Cooperative a special counsel to investigate the matter and make a recommendation to the board.

(e) There shall be no indemnification of any Director, officer, or employee wherein the individual is adjudged by the Board of Directors to be guilty of misconduct, gross negligence, or an illegal act or acts in the performance of his or her duties.

(f) The provisions of this Section shall be inapplicable to any action brought by the Cooperative against any officer, director, or employee otherwise indemnified hereunder or in connection with any other proceeding charging improper personal benefit to the one so charged, whether or not involving action in an official capacity, in which they are adjudged liable on the basis that personal benefit was improperly received.

(g) The provisions of this section shall be applicable to actions or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof, and to any such officers or Directors who should hereinafter cease to be officers and Directors, and shall inure to the benefit of their heirs and legal representatives.

ARTICLE V
MEETINGS OF DIRECTORS

Section 5.01. Regular Meetings.

A regular meeting of the Board of Directors shall be held monthly at such time and place within the certified area of the Cooperative as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing time and place thereof; provided that, the President may change the date, time, or place of a regular monthly meeting for good cause upon at least five (5) days' notice thereof to all Directors.

Section 5.02. Attendance by Members at Meetings of the Board of Directors.

(a) Regular meetings of the Board of Directors shall be open to the members of the Cooperative unless the Board goes into executive session. Meetings of the Board of Directors shall not be open to nonmembers except upon express invitation of the Board. Executive sessions which are not open to members may be held when the Board of Directors discusses any of the following:

- (1) transaction of business and discussion of personal matters concerning the character, professional competence, or physical or mental health of a person;
- (2) strategy sessions or negotiations with respect to prospective litigation, litigation, or issuance of an appealable order when an open meeting would have a detrimental effect on the litigating position of the Cooperative;
- (3) transaction of business and discussion regarding the report, development, or course of action regarding security personnel, plans, or devices;
- (4) investigative proceedings regarding allegations of misconduct or violation of law;
- (5) cases of extraordinary emergency which would pose immediate or irrevocable harm or damage to persons and/or property;
- (6) transaction of business and discussion regarding the prospective purchase, sale, or leasing of lands or chattels or the negotiations for or acquiring of easements or rights-of-way;

(7) transaction of and/or discussion of negotiations regarding the location, relocation, or expansion of Cooperative facilities;

(8) transaction of business and discussion of terms of employment or termination of employees;

(9) discussion of such matters as would be recognized by the courts as legally privileged;

(10) any other business which the Board in its discretion deems to be of a sensitive nature.

(b) Members of the Cooperative may address the Board at a regular meeting regarding any suggestions for better service, grievances, or any other matter affecting the Cooperative, provided that the member has at least fifteen (15) business days in advance of the meeting executed a written request, in a form and manner prescribed by the Cooperative, which will include the subject matter to be addressed and provide such information as is necessary to enable the Cooperative to investigate the matter. The President or acting president of the Board may limit the format and length of any member or nonmember's presentation. The Board may defer any presentation by a member to the next scheduled Board meeting due to the number of members seeking to address the Board at the meeting, or due to the length of any address or addresses. Members and invited guests may not at any time take pictures or make video or audio recordings of the meeting or its attendees unless so directed by the Board. A nonmember of the Cooperative may not address the Board of Directors unless specifically invited by the Board of Directors or the General Manager.

Section 5.03. Special Meetings.

(a) Special meetings of the Board of Directors may be called by the President or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in George County, at the Cooperative's main office in Lucedale, Mississippi), for the holding of any special meeting of the Board of Directors called by them.

(b) In case of any emergency or unusual circumstances rendering such action expedient, special meetings shall be held in any part of the territory served by the Cooperative, unless two-thirds (2/3) of the Directors consent to its being held in some other place in Mississippi or elsewhere.

(c) Special meetings may be held via telephone conference call, without regard to the actual location of the Directors at the time of such telephone conference meeting, if all the Directors consent thereto.

Section 5.04. Notice.

Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given by or at the direction of the Secretary, or upon a default in this duty by the Secretary, by those Directors calling a special meeting or by any Director in the case of a meeting whose date, time, and place have already been fixed by Board resolution, at least five (5) days previous thereto, by written notice, delivered personally, or mailed to each Director at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of the Director at any meeting shall constitute a waiver of notice of such meeting, except when a Director 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. In case of an emergency confirmed by a quorum of Directors, twenty-four (24) hours' notice may be given by telephone and/or delivered to the Directors' last known address to convene a special meeting of the Board.

Section 5.05. Quorum.

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time provided that the Secretary shall notify any absent Board members of the time and place of such adjourned meeting. A Director who by law or these bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action of that matter, be counted in determining the number of Directors in office or present. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except that a two-thirds (2/3) majority shall be required to sell assets of the system.

ARTICLE VI OFFICERS

Section 6.01. Number.

The officers of the Cooperative shall be a President, Vice President, Secretary, and Treasurer, and other such officers as from time to time be deemed desirable by the Board of Directors. The offices of Secretary and of Treasurer may be held by the same person.

Section 6.02. Election and Term of Office.

The officers may be elected annually by secret, written ballot or by any other proper method, without prior nomination, by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members, or until a successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

Section 6.03. Removal.

Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 6.04. Vacancies.

Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 6.05. President.

The President:

(a) shall preside at all meetings of the Board of Directors and all meetings of the members; provided, that the President shall have the authority to appoint any person to serve as chair of any special or regular meeting of the members, such chair to have all duties and responsibilities of the President of the Cooperative while so presiding;

(b) shall sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed, except in cases where the signing and execution thereof shall be expressly delegated to some other officer or agent of the Cooperative by the Board of Directors or by these bylaws, or shall be required by law to be otherwise signed or executed;

(c) shall appoint all committees of the Board of Directors and of the Cooper-

ative, both standing committees and temporary committees, except where otherwise provided by these bylaws, and shall serve as ex officio member of all committees except the Committee on Nominations, the Credentials and Election Committee; and

(d) in general shall perform all duties incident to the office of President and other such duties as may be prescribed by the Board of Directors from time to time.

Section 6.06. Vice President.

In the absence of the President, or in the event of an 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 by the Board of Directors.

Section 6.07. Secretary.

The Secretary:

(a) shall keep the minutes of the meeting of the members and of the Board of Directors in one 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 to all documents, the execution of which on behalf of the Cooperative under its seal is authorized in accordance with the provisions of these bylaws;

(d) keep a register of the names and post office addresses of all members;

(e) have general charge of the books of the Cooperative;

(f) keep on file at all times a complete copy of the Certificate of Incorporation and bylaws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member); and

(g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 6.08. Treasurer.

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of all receipts for all monies 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) 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 by the Board.

Section 6.09. Delegation of Secretary's and Treasurer's Responsibilities.

Notwithstanding the duties, responsibilities, and authorities of the Secretary and of the Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors may, except as otherwise limited by law, delegate, wholly or in part, the authority for, and the regular or routine administration of, one or more of each such officers' such duties to one or more agents, other officers or employees of the Cooperative who are not directors.

Section 6.10. General Manager.

The Board shall appoint a General Manager, who may be, but who shall not be required to be, a member of the Cooperative. The General Manager shall perform such duties and shall exercise such authority as the Board may from time to time so vest.

Section 6.11. Bonds of Officers.

The Board of Directors in its discretion may require any officer, agent, or employee of the Cooperative to give bond in such amount and with such surety as it may determine. The costs of all such bonds shall be borne by the Cooperative.

Section 6.12. Compensation.

The Board of Directors shall, from time to time, set, review, or amend

the compensation of the Cooperative's officers, agents and employees, either directly, or through the adoption of a salary and wage plan promulgated for the benefit of such individuals.

Section 6.13. Reports.

The officers of the Cooperative may submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

**ARTICLE VII
CONTRACTS, CHECKS AND DEPOSITS**

Section 7.01. Contracts.

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

Section 7.02. Checks, Drafts, Etc.

All checks, drafts and other orders for payment of money, notes or other evidences of indebtedness issued in the name of the Cooperative shall be issued by an officer of the Cooperative or by the General Manager or other employee as designated by the Board and in such manner as shall from time to time be determined by a resolution of the Board of Directors.

Section 7.03. Deposits.

All funds of the Cooperative except petty cash shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select, not inconsistent with Miss. Code Ann. Section 77-5-247.

Section 7.04. Establishing Funds.

Subject to the provisions of any mortgage or deed of trust given or assumed by the Cooperative, the Board of Directors may utilize revenues and receipts of the Cooperative, in its sole discretion and based on its business judgment, to establish and maintain such general, operating, and reserve funds as the Board of Directors shall determine to be proper for efficient management and operation of the Cooperative.

ARTICLE VIII NON-PROFIT OPERATION

Section 8.01. Apportionment of Excess Revenues.

Mississippi Code 77-5-235 provides, in relevant part, that the Cooperative's rates "shall be sufficient at all times to pay all operating and maintenance expenses necessary or desirable for the prudent conduct and operation of its business and to pay the principal of and interest on such obligations as the corporation may have issued and/or assumed in the performance of the purpose for which it was formed. The revenues and receipts of a corporation shall first be devoted to such operating and maintenance expenses and to the payment of such principal and interest and thereafter to such reserves for improvement, new construction, depreciation and contingencies as the board may from time to time prescribe. Revenues and receipts not needed for these purposes shall be returned to the members by such means as the board may decide, including through the reimbursement of membership fees, the implementation of general rate reductions, the limitation or avoidance of future rate increases, or such other means as the board may determine."

Section 8.02. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated as a cooperative on a non-profit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its members, unless otherwise required by law or regulatory authority or by resolution of the Board of Directors.

Section 8.03. Patronage Capital in Connection with Furnishing Electric Energy.

(a) In the furnishing of electric energy the Cooperative's operations will be so

conducted that all members will through their patronage furnish capital for the Cooperative. All members acknowledge the need of the Cooperative for capital received from members to operate. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the membership has voted to vest in the Board of Directors, in its discretion and business judgment, the ability to allocate patronage capital to the accounts of members, rather than paying them in cash, 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 total operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by members as capital credits. The Cooperative may pay by credits for each member to a capital account on the books of the Cooperative 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 the fiscal year the amount of capital, if any, so furnished by the member is clearly reflected and credited in an appropriate record to the capital account of each patron. The Cooperative shall maintain such books and records as will enable it at any time to compute, upon reasonable notice, the amount of capital contributed during any given period by each of its members and non-members.

(b) Each member agrees that all such amounts credited to the capital account of any member shall have the same status as though they had been paid to the member in cash pursuant to a legal obligation to do so and the member had then furnished the Cooperative corresponding amounts of capital to the Cooperative for its use in conducting the business of the Cooperative.

(c) All other amounts received by the Cooperative from its operations in excess of the costs and expenses shall, insofar as permitted by law, be

(1) used to offset any losses incurred during the current or any prior fiscal year and

(2) to the extent not so allocated shall be included as part of the capital credited to the accounts of members, as herein provided.

(d) In the event of a bid or proposal of purchase of most or all of the assets of the Cooperative, outstanding capital credits will be calculated and set up on the books of the Cooperative as an outstanding indebtedness against the Cooperative, to be assumed by the prospective purchaser, in the event the sale takes place.

(e) If, at any time prior to dissolution or liquidation, the Board of Directors shall determine in its sole discretion that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to the members' accounts

may be retired in full or in part. The Board of Directors shall have the discretion in the exercise of its business judgment to determine the method, basis, priority, and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

(1) Retirement of capital credits is the actual payment, as provided by subsection 2 below, of patronage capital to the Cooperative members to whom it has previously been allocated. The Board may, in its discretion, utilize its business judgment to retire patronage capital as allocated on the books of the Cooperative so long as the retirement is consistent with sound business and management practices and the financial stability of the Cooperative will not be impaired thereby. If the Board, in its discretion, utilizes its business judgment to retire patronage capital to members either upon their death, termination of electric service, or bankruptcy, then the retirement may be discounted in the exercise of the Board's business judgment.

(2) When the Board has determined, pursuant to subsection (1) above, that patronage capital shall be retired, the retirement may be accomplished in the manner determined by the Board, including by a bill credit or by the mailing of payment or notice of payment to the person's last known address of record on file with the Cooperative. No interest shall be paid or payable by the Cooperative on any patronage capital furnished by its members.

(f) In no event may the Board of Directors retire capital such that it would cause the Cooperative to fall out of compliance with the provisions of any of its mortgage, deed of trust, loan contract, or other security instruments executed by the Cooperative to secure any indebtedness of the Cooperative.

(g) The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. When capital credited to the account of the Cooperative is retired by an organization furnishing electric service to the Cooperative, any funds returned to the Cooperative will be distributed to the membership on a pro rata basis based on the patronage during the years when the capital was credited to the account of the Cooperative.

(h) Capital credited to the account of each member shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or part of such members' premises served by the Cooperative unless the Board of Directors, in its discretion and business judgment, shall determine otherwise.

(i) The Cooperative, before retiring any capital credited to any members' account, shall deduct therefrom any amount owing by such member to the Cooperative.

(j) To the extent the membership disagrees with the decisions of the Board of Directors with respect to the allocation or retirement of capital credits, the member may seek arbitration pursuant to Article XI, Section 11.05 of the By-laws but only after the member has first provided written notice to the Board of Directors at least fifteen (15) days in advance of the next scheduled regular monthly Board meeting and provided the Board of Directors with a reasonable time to investigate and respond to the matter.

Section 8.04. Dissolution or Liquidation.

(a) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, any outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account or property rights of members.

(b) The remaining liquidation proceeds, if any, shall be distributed ratably among all members of the Cooperative during the period of its existence.

Section 8.05. 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 or services may, in the discretion of the Board of Directors and insofar as permitted by law, be allocated to a capital account prorated annually on a patronage basis and retired to those patrons, from whom such amounts were obtained using the procedures set forth in Section 8.01 and 8.03 herein.

ARTICLE IX ACCESS TO COOPERATIVE RECORDS

Section 9.01. Access to Corporate Records.

Upon timely and reasonable written request, in a form and manner prescribed by the Cooperative, members of the Cooperative may be entitled

to examination of Cooperative records and information where the General Manager and the Cooperative's general counsel, or the Board of Directors agree that the request is in good faith, that the information requested and the purpose for which it is requested are materially germane to the requesting person's status and interest as a member of the Cooperative, where the furnishing of information will not be inimical to the Cooperative's best interest, and where the release of such information will not subject the Cooperative to litigation or invade the privacy of any person.

The Cooperative's response to requests from members for the Cooperative information shall be governed by the following rules and procedures:

(a) No requests for information shall be considered until the requesting member fills out and executes a Member Information Request Form.

(b) The request form as executed will be reviewed as soon as possible by the General Manager who, before acting, shall consult with the Cooperative's general counsel. If both conclude that:

(1) the request is in good faith,

(2) the information requested and the purpose for which it is requested are materially germane to the requesting member's status and interest as a member of the Cooperative,

(3) furnishing the requested information will not be inimical to the Cooperative's best interests, and

(4) the release of such information will not subject the Cooperative to litigation or invade the privacy of any person, then a time and manner will be provided for making such information available during normal business hours.

If either or both disagree to the applicability of any of the foregoing factors, the matter will be referred to the Board of Directors for decision based upon those same factors.

ARTICLE X SALE OR LEASE OF ASSETS OF THE COOPERATIVE

Section 10.01. Vote of the Members Not Required.

The Board of Directors may, without authorization of the members, sell, mortgage, lease, or otherwise encumber or dispose of

(a) any of its real property which, in the judgment of the Board, is neither necessary nor useful in operating and maintaining the Cooperative's system and which in any one (1) year shall not exceed ten percent (10%) in value of all of the property of the Cooperative, or

(b) merchandise.

This section and the other provisions of this article, however, shall have no application to the mortgaging or encumbering of the property of the Cooperative for the purpose of borrowing money.

Section 10.02. Vote Required.

(a) For property of the Cooperative to be sold, leased, or disposed of other than in Section 10.01, the same must be first authorized by the affirmative vote of at least sixty percent (60%) of the members of the Cooperative.

(b) Any proxy authorizing a vote for or against a proposal to sell, lease, or otherwise dispose of property of the Cooperative must satisfy the requirements set by the Securities and Exchange Commission Rule 14A-4. Any proxy authorizing a vote for or against a proposal to sell, lease, or otherwise dispose of property of the Cooperative obtained prior to the date notice is mailed shall be deemed invalid for purposes of determining whether the required member vote pursuant to this Section has been obtained.

Section 10.03. Procedural Requirements.

(a) A proposal to sell property of the Cooperative may be considered and voted on at the annual meeting of members or a special meeting of members called for such purpose. A meeting of the members of the Cooperative for the purpose of considering and voting upon the sale, lease, or other disposition of property of the Cooperative to a particular Purchaser or to any person controlling, controlled by, or under common control with such Purchaser (an "Affiliate") shall not be held more than once in any twelve (12) month period.

(b) In order for any proposal to sell, lease, or otherwise dispose of property of the Cooperative to be properly brought before an annual or special meeting of the members, the Cooperative must comply with the applicable state energy code and, in addition, the following requirements must be satisfied:

(1) The Cooperative must have provided written notification of the offer of purchase to any lender desiring to receive such notification or to any

generation and transmission association of which the Cooperative is a member. The notification of the offer of purchase must contain all of the information provided to the Cooperative, its management and Board of Directors, or which is filed with the Public Service Commission.

(2) The disclosure required by Section 77-5-237 Mississippi Code (1972) or other applicable state energy code and any additional disclosure required by these bylaws must have been received in a form to allow management and the Board of Directors ample opportunity to review same.

(3) The Purchaser must have agreed in writing to assume those obligations of the Cooperative as required by Section 77-5-237 Mississippi Code (1972) or other applicable state energy code and other provisions of these bylaws.

(4) The Purchaser must have agreed in writing to indemnify the Cooperative and its members against any damage, liability or loss (including, without limitation, reasonable attorneys' fees, interest, penalties, judgments and amounts paid in settlement of, any claim, suit, action or proceeding) sustained, incurred, paid, or required to be paid by the Cooperative arising out of any act or omission of the Cooperative or Purchaser occurring before or after the sale of property of the Cooperative to the Purchaser.

Section 10.04. Required Disclosure.

Any Purchaser shall prepare and deliver to the Board of Directors of the Cooperative a written disclosure statement containing the following information and documents:

(a) that information as required by Section 77-5-237, Mississippi Code (1972) or other applicable state energy code;

(b) any plans or proposal of the Purchaser or an Affiliate of the Purchaser concerning the future conduct of the business of the Cooperative including, but not limited to:

(1) resale of any of the property of the Cooperative;

(2) termination of employment of persons employed by the Cooperative;

(3) changes in benefits of employees of the Cooperative under any

employee benefit plan;

(4) changes in rates for electricity to be charged in the service area served by the Cooperative; and

(5) any reduction in service, change in service area, or requirements as to minimum charges which would affect members of the Cooperative;

(c) an opinion of counsel to the Purchaser setting forth the tax consequences of the acquisition to the Cooperative and its member; and

(d) any other information which a reasonable person would consider important in deciding whether to vote for approval of a proposal to sell, lease, or otherwise dispose of the property of the Cooperative.

Section 10.05. Competing Bid Disclosure.

Any competing bids given to the Cooperative members of the proposed purchase shall include any other offers to purchase received from any lender of the Cooperative or any generation and transmission association of which the Cooperative is a member and shall include the terms of the offer and such other information as the lender or generation and transmission association may request to be transmitted to the members and which is material to the future generation of the assets to be purchased.

Section 10.06. Effect of Noncompliance.

Any sale, lease, or other disposition of the property of the Cooperative that is not effected in strict compliance with the provisions of Section 77-5-237, Mississippi Code (1972) or other applicable state energy code and the provisions of Section 10.03 and 8.02 (e) of these bylaws shall be void. Any Purchaser or Affiliate of a Purchaser which in providing the disclosure required by Section 10.03, 10.04, and 10.05, or in any other communication with the members of the Cooperative, written or oral, makes false or misleading statements concerning material facts or omits information necessary to make the information disclosed not misleading shall be liable to the Cooperative and its members for any damages incurred thereby, including, but not limited to, the difference in the consideration paid for the property of the Cooperative by the Purchaser and the fair value of such property and any increases paid or to be paid in the future for electricity by the members of the Cooperative.

Section 10.07. Non-application to Consolidation.

The provisions of Article 10 do not apply to the consolidation of associations effectuated pursuant to Miss. Code Ann. Section 77-5-217 or other applicable state energy code.

Section 10.08. Severability.

If any section of Article 10, or any provision thereof, is determined by any court to be invalid, such invalidity shall not affect the validity of the other sections or provisions of this Article.

**ARTICLE XI
MISCELLANEOUS**

Section 11.01. Membership in Other Organizations.

The Cooperative may become a member of any and all other organizations as the Board of Directors may determine shall be to the best interest of the Cooperative, and the Directors shall have full power and authority to authorize the Cooperative to purchase stock in or to become a member of any corporation or association organized on a non-profit basis for the purpose of engaging in rural electrification, industrial or economic development, or other worthwhile non-profit endeavors. The Cooperative may make contributions to non-profit, charitable or civic organizations or drives, and the Board may, by resolution or order, authorize the General Manager to act for the Cooperative in this regard. The Directors shall also have full power and authority to subscribe for and on behalf of the Cooperative, on an annual basis or otherwise to the "TODAY in Mississippi" and any and all other publications as may be determined by the Directors, and payment for such publication subscriptions shall be made of and from funds accruing in each member's favor.

Section 11.02. Waiver of Notice.

Any member or Director may waive, in writing, any notice required to be given by these bylaws, and such waiver may be executed either prior to or on the date of the meeting. In case of a joint membership, a waiver or notice signed by either spouse shall be deemed a waiver of notice of such meeting by both joint members.

Section 11.03. Fiscal Year.

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

Section 11.04. Seal.

The corporate seal of the Cooperative shall be in the form of a circle and thereon shall be inscribed the name of the Cooperative and the words “Corporate Seal, Mississippi.”

Section 11.05. ALTERNATIVE DISPUTE RESOLUTION.

UNLESS OTHERWISE PROHIBITED BY LAW, ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THESE BYLAWS, OR THE BREACH THEREOF, OR ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO PATRONAGE CAPITAL SHALL BE RESOLVED BY BINDING ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS ARBITRATION RULES AFTER ALL CONDITIONS PRECEDENT AS SET FORTH IN ARTICLE VIII, SECTION 8.01, IF APPLICABLE, HAVE BEEN MET. THIS AGREEMENT INVOLVES INTERSTATE COMMERCE SUCH THAT THE FEDERAL ARBITRATION ACT, 9 U.S.C. § 1, ET SEQ. SHALL GOVERN THE INTERPRETATION AND ENFORCEMENT OF THIS ARBITRATION AGREEMENT. THE ARBITRATION SHALL BE HELD IN THE STATE OF MISSISSIPPI AT A LOCATION TO BE DESIGNATED BY THE PARTY NOT MAKING THE INITIAL DEMAND FOR ARBITRATION. A JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR SHALL BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. EACH PARTY AGREES TO PAY ITS OWN ATTORNEYS’ FEES AND COSTS, AND EACH PARTY AGREES TO SHARE EQUALLY IN THE COST OF THE ARBITRATOR.

THE PARTIES ALSO AGREE TO (I) WAIVE ANY RIGHT TO PURSUE A CLASS ACTION ARBITRATION, OR (II) TO HAVE AN ARBITRATION UNDER THIS AGREEMENT CONSOLIDATED OR

DETERMINED AS PART OF ANY OTHER ARBITRATION OR PROCEEDING. THE PARTIES AGREE THAT ANY DISPUTE TO ARBITRATE MUST BE BROUGHT IN AN INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE CAPACITY. IF ANY PART OF THIS ARBITRATION CLAUSE, OTHER THAN WAIVERS OF CLASS ACTION RIGHTS, IS FOUND TO BE UNENFORCEABLE FOR ANY REASON, THE REMAINING PROVISIONS SHALL REMAIN ENFORCEABLE. IF A WAIVER OF CLASS ACTION AND CONSOLIDATION RIGHTS IS FOUND UNENFORCEABLE IN ANY ACTION IN WHICH CLASS ACTION REMEDIES HAVE BEEN SOUGHT, THIS ENTIRE ARBITRATION CLAUSE SHALL BE DEEMED UNENFORCEABLE. IT IS THE INTENTION AND AGREEMENT OF THE PARTIES NOT TO ARBITRATE CLASS ACTIONS OR TO HAVE CONSOLIDATED ARBITRATION PROCEEDINGS. SHOULD THE PARTIES HAVE A DISPUTE THAT IS WITHIN THE JURISDICTION OF THE JUSTICE COURTS OF THE STATE OF MISSISSIPPI, SUCH DISPUTE MAY BE RESOLVED AT THE ELECTION OF EITHER PARTY IN JUSTICE COURT RATHER THAN THROUGH ARBITRATION.

IF THE ARBITRATION CLAUSE IS DEEMED UNENFORCEABLE OR THE PARTIES OTHERWISE LITIGATE A DISPUTE IN COURT, THE PARTIES AGREE TO WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING BROUGHT IN COURT.

ANY MEMBER MAY REJECT THIS AGREEMENT TO ARBITRATE BY SENDING TO THE COOPERATIVE AT P.O. BOX 767, LUCEDALE, MISSISSIPPI 39452, A NOTICE ("REJECTION NOTICE") WITHIN SIXTY (60) CALENDAR DAYS OF THE DATE OF THE ANNUAL MEETING WHERE THE MEMBERSHIP VOTED TO ADD THIS ARBITRATION AGREEMENT TO THE BYLAWS. YOUR REJECTION NOTICE MUST INCLUDE YOUR FULL NAME, YOUR CURRENT ADDRESS, YOUR CURRENT TELEPHONE NUMBER, AND THE ACCOUNT NUMBER, AND BE SIGNED BY YOU. THE REJECTION NOTICE MUST BE MAILED WITH RETURN RECEIPT REQUESTED TO: REJECTION NOTICE DEPARTMENT. IN THE EVENT OF ANY DISPUTE CONCERNING WHETHER A MEMBER HAS PROVIDED A TIMELY NOTICE OF REJECTION, THE MEM-

BER MUST PRODUCE THE SIGNED RECEIPT FOR MAILING THE REJECTION NOTICE. IN THE ABSENCE OF THE SIGNED RECEIPT, THE COOPERATIVE'S RECEIVED DATE STAMP ON THE REJECTION NOTICE SHALL BE CONCLUSIVE EVIDENCE OF THE DATE OF RECEIPT. THESE INSTRUCTIONS CONSTITUTE THE ONLY METHOD THAT A MEMBER CAN USE TO EXERCISE THE RIGHT TO REJECT THIS ARBITRATION PROVISION.

Section 11.06. Amendments.

These bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the Directors. This may be done at any regular meeting or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment, or repeal.

Section 11.07. Robert's Rules of Order.

Parliamentary procedure shall be governed by the most recent edition of Robert's Rules of Order at all Cooperative meetings, including committee meetings which may be duly established by the Board, except to the extent such procedure is otherwise determined by law or by the Cooperative's Certificate of Incorporation or these bylaws.

