

BYLAWS
of
DIXIE ELECTRIC POWER ASSOCIATION

P. O. Box 88
Laurel, MS 39441-0088

As Amended
March 16, 2017

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ARTICLE I

MEMBERS

Section 1.01 - Qualifications, Applications, and Obligations.

(a) Any person, firm, corporation, or body politic may become a member of Dixie Electric Power Association, herein called "Association" by:

- (1) making a written application therefor; and
- (2) paying the membership fee; and
- (3) agreeing to purchase from the Association electric energy as hereinafter specified; and
- (4) agreeing to comply with and be bound by the Certificate of Incorporation of the Association, 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. No member may hold more than one membership in the Association, and no membership in the Association shall be transferrable.

(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 Association.

(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 Association, 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.

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

Section 1.02. Joint Membership. Married couples may be accepted into the membership as joint members. Unless otherwise authorized by the Association, both spouses shall sign the application for membership. If one of them is already a member, they may if so desired convert such membership into a joint one upon application to the Association. 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 3.07 of these bylaws shall be effective;

(c) the vote of either or both shall constitute, respectively, one joint proxy;

(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 Association, 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 Association all electric energy purchased for use 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 Article VIII of these bylaws. The Association 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 Association.

The Association 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 Association shall be required to furnish to any one member.

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

(a) All accounts for which electric power service is rendered by the Association, at all locations for which application for service is made.

(b) Subject to the rules and regulations of the Public Service Commission, any delinquent account or amount owed to the Association where the member has applied for service.

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

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 Association Facilities shall be subject to appropriate regulations as shall be fixed from time to time by the Association.

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

Section 1.05. Wiring of Premises; Responsibility Therefor; Responsibility for Meter Tampering or Bypassing and for Damage to Association Properties; Extent of Association Responsibility; 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 Mississippi Insurance Underwriters Association, the National Electrical Code, the National Electrical Safety Code, any

applicable state code or local government ordinances, and of the Association, it being understood and agreed that the connection by the Association to the members premises shall not in any way or manner constitute the Association's approval of the member's wiring or the safety or adequacy of the same. The Association shall have no duty to inspect, approve, or disapprove the wiring and/or equipment of the member. Each member shall be responsible for and shall indemnify the Association 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 Association a suitable site, as determined by the Association, whereon to place the Association's physical facilities for the furnishing and metering of electric service and shall permit the Association'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 Association'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 to their premises, apparatuses or meter base as the Association shall from time to time require in order to protect the Association's physical facilities and its operation and to prevent any interference 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 Association and its employees, agents and independent contractors against death, injury, loss, damage, or claims resulting therefrom, including but not limited to the Association's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenue resulting from the failure or defective functioning of its metering equipment. The Association 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 Association's billing procedures. Pursuant to Section 77-5-259, Mississippi Code, 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 Association 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 Association, execute and deliver to the Association grants of easements or rights-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 Association shall require for the furnishing of electric service to the member or other members or for the construction, extension, improvement, operation, maintenance or relocation of the Association's electric facilities on said land.

Section 1.07. Non-Liability for Debts of the Association. The private property of the members of the Association shall be exempt from execution for the debts of the Association and no member shall be individually liable or responsible for any debts or liabilities of the Association.

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01. Suspension; Reinstatement. Upon the failure to pay any amounts due the Association, after the expiration of the initial time limit prescribed in a specific written notice to a member, a person's membership shall automatically be suspended; and such person shall not during such suspension be entitled to receive electric service from the Association or to cast a vote at any meeting of the members. For any other noncompliance 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 Association, 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 Association 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 Association 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 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 members to the Association 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 to 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 his or her estate shall be released from any debts then due the Association.

Section 2.05. Effect of Termination. Upon the termination in any manner of a person's membership, or his or her estate's membership, as the case may be, said member or his or her estate shall be entitled to a refund of the membership fee (and to his or her service security deposit, if any, theretofore paid the Association), less any amount due the Association; but neither the member nor his or her estate, as the case may be, shall be released from any debts or other obligations then remaining due the Association. 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 Association 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 Association 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 Association. 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 Association.

Section 2.07. Board Acknowledgement 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 Association ceased furnishing electric service to such person. Upon discovery that the Association 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 Association, to the extent practicable, shall correct its membership and all related records accordingly. If the Association acquires facilities which are already providing electric service to patrons not members of the Association, the Association 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. However, the Association may require such patrons to apply for membership with the Association 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 purposes 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 the month of October each year, at any place in one of the counties of Mississippi within which the Association 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 decide to hold the annual meeting in September or November. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Association.

It shall be the responsibility of the Board of Directors 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. Each person signing such request shall date his or her signature and shall show thereon the address and account number of the service location represented by such signature. In no event shall a special meeting be called unless a written request is signed by members within ninety (90) days from date of first signature. Special meetings of the members may be held at any time, date and place within the service area of the Association, in the State of Mississippi, as determined by the Board of Directors and as specified in the notice of the special meeting.

Section 3.03. Notice of Members' Meetings. Written or printed notice stating the time, date and place 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 fourteen (14) calendar days nor more than seventy-five (75) calendar days before the date of the meeting, either personally, by mail, or electronically to each member, by or at the direction of the Secretary. 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 Association, 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 the members present in person or represented by proxies or absentee ballots shall constitute a quorum at a regular or special meeting of the members. The ten percent (10%) quorum requirement shall be determined by adding the number of members present in person at the meeting to the number of members represented at the meeting by valid proxies and by valid absentee ballots filed as provided by these bylaws. If less than a quorum is present at any meeting of the members, the officer or designee of the Association 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 not longer than thirty 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 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 limited to, adjourning said meeting to another time or place.

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 one vote only upon each matter submitted to a vote at any meeting of the members at which a quorum is present (including, but not limited to, a meeting of the members where directors are to be elected), which one vote may be cast in only one of three ways, to-wit: (a) in advance of the meeting by absentee ballot, whether paper or electronic; or (b) at the meeting itself in person; or (c) at the meeting itself by proxy. Each member present at the meeting may cast 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 individual persons shall be allowed upon the presentation to the Association, 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 Association's Certificate of Incorporation or by these bylaws. Members may not cumulate their votes.

If multiple absentee ballots and/or proxies are submitted by the same member, the following hierarchy will be used to determine which vote stands. An absentee ballot in paper form shall be accepted before an electronic ballot. An in-person ballot will be accepted from a member on the day of the annual meeting if an absentee ballot has not otherwise been executed. All ballots in electronic or paper form shall be accepted before a proxy and shall revoke an executed proxy.

Section 3.06. Proxies and Absentee Ballots.

(a) 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 by close of business five (5) business days prior to the meeting. The proxy must have entered thereon the account 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. 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 twenty-five (25) members at any meeting of the members, but this restriction shall not apply to the Board of Directors who shall vote the proxies assigned to them according to the will of a majority of the members of the Board of Directors.

The timely presence and action of a member at a meeting of the members may revoke a proxy theretofore executed by that member, and such member may 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 and action of either spouse at a meeting of the members may revoke a proxy theretofore executed by either of them and such joint member or members may 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 proxy form designated by the Board of Directors shall be used which identifies the member by name, membership address and account 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 Association shall furnish the member with a replacement proxy form upon reasonable request, provided that the member executes a revocation of the lost, stolen or destroyed form, to be witnessed by an employee of the Association. Blank proxy forms shall not be distributed in bulk to any member. Only the proxy form issued by the Association shall be valid.

(b) Absentee Ballots:

Votes by absentee ballot upon any matter shall be upon forms or ballots prescribed by the Directors. The ballots provided for absentee voting shall be sent to all members under the same conditions that notice of the meeting is sent to the members. No votes by absentee ballot upon any issue will be counted (a) unless they are received at any office of the Association by close of business five (5) business days prior to the date of the convening of the meeting of members; and (b) unless they are on the forms or ballots prescribed and submitted to the members. Votes by absentee will not be tallied or recorded unless a quorum is present.

Section 3.07. Representative Voting. Legal entity organizations and nonlegal entity organizations which are members of the Association 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 one vote of a corporation;

(b) a trustee, steward, deacon, clerk or pastor may represent and cast the one vote of a church;

(c) a school trustee, principal or superintendent may represent and cast the one vote of a school;

(d) and any other association or organization not a legal entity may be represented by and have its one 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 or designee of the Association who is presiding at such meetings:

1. Report on the existence or not of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting.
3. Reading, or the waiver thereof, of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. (a) Receive report of Credentials and Election Committee.

- (b) Credentials and Election Committee Chair or Secretary to present qualified candidates for ballot.
- 5. Election of Directors.
- 6. Presentation and consideration of reports of officers, directors and committees.
- 7. Unfinished business.
- 8. New business.
- 9. Adjournment.

ARTICLE IV

DIRECTORS

Section 4.01. General Powers.

(a) The business and affairs of the Association shall be managed by a Board of Directors which shall have all of the powers and rights permitted by Title 77, Chapter 5 of the Mississippi Code. The Board of Directors shall exercise all of the powers of the Association except such as are by law, or by the Certificate of Incorporation of the Association, or by these bylaws conferred upon or reserved to the members.

(b) The Board of Directors may by majority vote thereof at any regular meeting or any special meeting, with proper notice given, provide for the division of the areas served by the Association to be divided into near equal geographical districts equal to the number of Directors on the Board. Such districts shall be clearly defined and the boundaries thereof set forth. The Board may from time to time change the boundaries set forth so as to ensure approximately equal geographical representation. Such districts so described and bounded shall be designated numerically or in such other manner as the Board of Directors may deem appropriate.

Section 4.02. Districts. In order to assure equitable representation of the geographical areas of the Association on the Board of Directors, the territory served or to be served by the Association shall be divided into seven (7) districts. Each district shall be represented on the Board of Directors by one Board Member. The seven (7) districts within the Association's certified service area shall be as follows:

District 1. All of Perry County and that part of Jones County described as beginning at the intersection of Jones, Perry and Forrest Counties and then due north to the intersection of the Ellisville-Ellisville Junction Road, thence southeast to Ellisville Junction, thence east to the Wayne County line, then south to the southeast corner of Jones County, thence west to the point of beginning at the intersection of Jones, Forrest and Perry Counties.

District 2. All that part of Forrest County served by the Association east of Highway 11; and that part of Jones County beginning at the intersection of Jones, Forrest and Perry Counties and then proceed westerly to Highway 11, thence proceed northeasterly on and along Highway 11 to its intersection with the Ellisville-Ellisville Junction Road (or its extension westerly) in the City of Ellisville, thence on and along the Ellisville-Ellisville Junction Road easterly to a point due north of the intersection of Jones, Forrest and Perry Counties, and thence south to the point of beginning.

District 3. Covington County west of Leaf River, that part of Forrest County west of Highway 11, and that part of Jones County bounded on the north by Leaf River north of Highway 588 and Highway 588 east of Leaf River and on the east by Highway 11.

District 4. Jasper County west of Highway 11, Covington County east of Leaf River, and that part of Jones County east of Leaf River, north of Highway 588 and west of Highway 11.

District 5. That part of Jones County east of Highway 11 and north of Ellisville-Ellisville Junction Road extending east to the Jones County-Wayne County line; north along the Jones County-Wayne County line to the northeast corner of Jones County, then west along the Jones County line to Highway 11.

District 6. That part of Clarke County served by the Association and that part of Wayne County north of Highway 84.

District 7. That part of Wayne County south of Highway 84.

Section 4.03. Tenure & Qualifications.

(a) At each annual meeting of the members, approximately one-third (1/3) of the total number of directors 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 shall have been qualified and elected.. If there is no individual who has been duly nominated and qualified as set forth in Section 4.04, the director shall hold office until his or her successor shall have been qualified and elected. The Association will make reasonable attempts to qualify candidates and hold the election for the successor as set forth in Section 4.04 as soon as practicable.

(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 any other proper manner. Drawing by lot shall resolve, where necessary, any tie votes.

(c) No person shall be eligible to become or remain a director or to hold any position of trust in the Association who is not an active member in good standing of the Association, has not been a bona fide resident of the district from which they are to be elected for one year immediately preceding the nomination to directorship, or who is in any way employed by or financially interested in a competing enterprise.

(d) No person shall be eligible to become or remain a director who has been finally convicted of a felony or misdemeanor involving moral turpitude.

(e) In order to be eligible to become or remain a director of the Association, a person must be a member of the Association and receiving service therefrom at his or her primary residential abode, and not be a close relative as defined in Section 4.08 of an employee, incumbent director, or the director being replaced.

When a membership is held jointly by a married couple, either one but not both may be elected a director; provided, however that neither one shall be eligible to become or remain a director or to hold a position of trust in the Association unless both shall meet the qualifications hereinabove set forth. No person shall take or hold office as director who is the incumbent of or a candidate for any elective county, beat, district, school district, municipal or state public office for which a salary is paid.

(f) In order to be eligible to become or remain a director of the Association, a person must have the legal capacity to enter into a binding contract.

(g) In order to be eligible to become or remain a director of the Association, a person must not have been an employee of the Association for at least three (3) years and must not be a close relative, as defined in Section 4.08, to a current employee of the Association.

(h) 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 chair presiding at the meeting at which such nominee would be otherwise voted upon to disqualify such nominee. Upon establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Association lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such positions from such persons, or to cause them to be removed therefrom, as the case may be.

(i) 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 Association.

Section 4.04. Nominations by Petition and Credentials and Election Committee.

(a) Nominations by Petition. Except for Association employees or their spouses, twenty-five (25) members acting together, may nominate by petition a candidate for Director by submitting a petition for nomination between June 1 and 5 p.m. on the last business day in July of that 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 Association. Each member signing such petition shall place thereon the date of signing, printed name, address, account number, telephone number and service location of the member. For a nomination by petition to be placed on the notice of the members' meeting, it shall be received at the Association's headquarters no later than 5 p.m. on the last business day in July of that year and be approved by the Credentials and Election Committee. No member may submit more than one petition for nomination and no member may nominate more than one candidate. Petitions by joint members will only be counted as one petition and in the event a married couple attempts to nominate two different people, only the first received petition will be accepted. 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 Credentials and Election Committee consisting of not less than five (5) nor more than seven (7) members who shall be selected from different Districts so as to ensure equitable geographic representation. Members of the Credentials and Election Committee may serve for a three (3) year term with an initial term to be set so that approximately a third (1/3) of the Committee will be appointed each year. Members of the Credentials and Election Committee may serve a second consecutive three (3) year term if so appointed. Individuals who have already served two (2) consecutive terms on the Credentials and Election Committee are not eligible to serve again until they have been off of the Committee for at least one (1) three (3) year term. Said appointment shall be made during the month of May or June. No existing Association employees, agents, officers, Directors or known candidates for Director, and close relatives (as hereinafter defined) or members of the same household of existing Association employees, agents, officers, Directors or known candidates for Director may serve on such committee. In the event of the failure of the Board to appoint said Credentials and Election committee, then the President or his or her designee may appoint said committee in the month of July or at such appropriate time. It is the responsibility of the Credentials and Election Committee to appoint a chair for the Committee. The Credentials and Election Committee shall meet at a time and place to be determined by the majority of the members of the Committee. 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 or by proxy, the regularity of all petitions for nominations of Directors, the qualifications of all nominees for directors, to count 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 may have available to it the advice of counsel provided by the Association. In the event a written protest or objection is filed concerning any

election, such protest or objection shall be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Credentials and Election Committee shall thereupon be reconvened, upon notice from its chair, not less than seven (7) business days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and shall hear 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. The Credentials and Election Committee 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 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 by the Board of Directors. The President of the Board, or the President's designee, shall preside at and conduct all meetings of the Members with full authority to act or refer any questions deemed appropriate to the aforesaid Committee for decision.

(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 or misdemeanor- involving moral turpitude. The removal shall be voted upon at the next regular or special meeting of the members at which a quorum is present and any vacancy created by such removal may be filled 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 prior 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. Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a person meeting the qualifications of Section 4.03, and elected by a majority vote of the remaining directors, and the directors thus elected shall serve the unexpired terms of the directors so replaced and until their successors shall have been qualified and elected. The office of a director is subject to being declared vacant and subject to being filled pursuant to this Section if (1) the director shall have failed to attend as many as three consecutive meetings of the board, whether special or regular, and at least two-thirds of the remaining directors in office determine, in their sole judgment, that such failure did not occur for justifiable cause and will likely recur; or (2) the director, as determined in their sole judgment by at least two-thirds of the remaining directors in office, has become incapable of performing the duties of a director and such incapability is not likely to cease within a reasonable time; or, (3) such director is no longer a bona fide resident of the District such director was elected to represent, and the Board finds such change of residence is likely to be permanent.

Section 4.07. Compensation and Reimbursement of Directors.

(a) 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 Association 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 Association or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Association.

Section 4.10. Accounting Systems and Reports. The Association’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 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 Association 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 annual meeting and shall be submitted to the Mississippi Public Service Commission and Public Utilities Staff for review and archiving. If deemed practical by the management of the Association, a summary of the financial status of the Association may be published annually.

Section 4.11. Indemnification and Liability Insurance. On the terms and conditions hereinafter stated, the Association or its insurer shall indemnify any director, officer or employee of the Association, including any former director, officer or employee of the Association, 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 their position within the Association, 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 Association paid in settlement of any such actual or threatened suit, action or proceeding if:

- (a) The action complained of was undertaken in good faith; and it was in good faith believed that:
 - (1) Actions taken in any official capacity of the Association were in its best interests;
 - (2) Conduct in any other capacity was at least not opposed to the Association’s best interests; and
 - (3) 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 Association 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 coverage.

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

- (1) The individual furnishes the Association a written statement of their good faith belief that they have met the standard of conduct described in Section 4.11(a) above;
- (2) The written statement reflects an agreement by the individual to repay the advance if it is ultimately determined that they 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 4.11(c) above shall be an unlimited general obligation of the director, officer, or manager 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 Association if the Board of Directors affirmatively finds that they did not meet the standard of conduct outlined in Section 4.11(a) above. In making such a determination, the Board of Directors must affirmatively state that sufficient facts exist to support a finding of noncompliance 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 of Directors be made the object of such action, suit, proceeding or investigation, then there shall be appointed by the Board of Directors of the Association an independent committee made up of three (3) members whose sole purpose shall be to make such a determination on the issue of indemnification.

(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 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 Association against any officer or director 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.

Section 4.12. Change in Rates. Written notice may be given to the Governor of the National Rural Utilities Cooperative Finance Corporation and to the Administrator of the Rural Utilities Service of the United States of America not less than thirty (30) days prior to the date upon which any proposed change in the rates charged by the Association for electric energy becomes effective, if either entity has requested in writing that it be notified in advance of such changes; further, the Public Service Commission of the State of Mississippi shall be given ample and lawful notice of any proposed change in the rates charged by the Association for electric energy.

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 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) business 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 Association provided they comply with the provisions herein and 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 personnel 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 Association;
- (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 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 Association facilities;
- (8) 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 Association may attend and/or address the Board at a regular meeting regarding any suggestions for better service, grievances, or any other matter affecting the Association, provided that the member has at least fifteen (15) days in advance of the meeting executed a written request, in a form and manner prescribed by the Association, which will include the subject matter to be addressed and provide such information as is necessary to enable the Association to investigate the matter. The President or acting

president of the Board of Directors may limit the format and length of any member or nonmember's presentation. The Board of Directors may defer any presentation by a member to the next scheduled Board meeting due to the number of members seeking to address the Board of Directors at the meeting, or due to the length of any address or addresses. A nonmember of the Association may not address the Board of Directors unless specifically invited by the Board of Directors, after executing a written request as provided above.

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 thereof.

(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 Association, unless two-thirds (2/3) of the directors consent to its being held in any place in Mississippi or elsewhere.

(c) Special meetings may be held by telephone conference, without regard to the actual location of the directors at the time of such telephone conference, 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 his or her 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 noticed or convened. In case of an emergency confirmed by a quorum of directors, twenty-four (24) hours' notice may be given by telephone or delivered to the director's 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 a 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 on that matter, be counted in determining whether there is a quorum or not. 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 Association shall be a President, Vice President, Secretary, Treasurer, Alternate Secretary, Alternate 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. The offices of Alternate Secretary and of Alternate 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 and from 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 as convenient thereafter. 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 Association 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 nominate a person to be approved by a two-thirds (2/3) majority of the Board to serve as Chairman of any special or regular meeting of the members, who shall have all duties and responsibilities of the President of the Association while so presiding, and shall have the right to adjourn and recess such meetings to another time, date and place as he or she sees fit in the best interest of the Association.
- (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 of thereof shall be expressly delegated to some other officer or agent of the Association by the Board of Directors or by these bylaws, or shall be required by law to be otherwise signed or executed;
- (c) may appoint all committees of the Board of Directors and of the Association, 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 and the Credentials and Election Committee; and
- (d) in general shall perform all duties incident to the office of President and such other 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 his or her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to the Board of Directors.

Section 6.07. Secretary. The Secretary shall:

- (a) 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 the seal of the Association and affix the seal or facsimile thereof to all certificates of membership prior to the issue thereof and to all documents, the

execution of which on behalf of the Association 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 Association;
- (f) keep on file at all times a complete copy of the certificate of incorporation and the bylaws of the Association 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 to him or her by the Board of Directors.

Section 6.08. Treasurer. The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Association;
- (b) the receipt of and the issuance of all receipts for all monies in the name of the Association 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 of Directors.

Section 6.09. Delegation of Secretary's and Treasurer's Responsibilities. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer or, Secretary-Treasurer or, Alternate Secretary-Treasurer hereinbefore provided in Sections 6.07 and 6.08, the Board of Directors by resolution 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, and other officers or employees of the Association who are not directors.

Section 6.10. General Manager. The Board of Directors shall appoint a general manager, who may be, but who shall not be required to be, a member of the Association. The general manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him or her.

Section 6.11. Bonds. The Board of Directors in its discretion may require any officer, agent or employee of the Association 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 Association.

Section 6.12. Compensation. The Board of Directors shall set, review or amend the compensation of the Association's officers, agents and employees, either directly, or through the adoption of a wage and salary plan promulgated for the benefit of some or all of such individuals.

Section 6.13. Reports. The officers of the Association may submit at each annual meeting of the members reports for the previous fiscal year and showing the condition of the Association 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 Association, 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 Association shall be issued by an officer or officers of the Association 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 Association except petty cash shall be deposited or invested from time to time to the credit of the Association in such bank or banks or in such financial securities or institutions as the Board of Directors may select, not inconsistent with law.

Section 7.04. Establishing Funds. Subject to the provisions of any mortgage or deed of trust given or assumed by the Association, the Board of Directors may utilize sufficient revenues and receipts of the Association 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.

ARTICLE VIII

NON-PROFIT OPERATION

Section 8.01. Apportionment of Excess Revenues. Mississippi Code 77-5-235 provides, in relevant part, that the Association'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 Association shall at all times be operated on an association nonprofit basis for the mutual benefit of its members. No interest or dividends shall be paid or payable by the Association 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 Association's operations will be so conducted that all members will through their patronage furnish capital for the Association. All members acknowledge the need of the Association for capital received from members to operate. In order to induce patronage and to assure that the Association 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 Association are received with the understanding that they are furnished by members as capital credits. The Association may pay by credits for each member to a capital account on the books of the Association all such amounts in excess of operating costs and expenses. The books and records of the Association may 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 each member is clearly reflected and credited in an appropriate record to the capital account of each member.

(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 each year pursuant to a legal obligation to do so and the member had then furnished the Association corresponding amounts of capital to the Association for its use in conducting the business of the Association.

(c) All other amounts received by the Association 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 Association, outstanding capital credits will be calculated and set up on the books of the Association as an outstanding indebtedness against the Association, 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 Association will not be impaired thereby, the capital then credited to 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. Provided, however, that 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 members which corresponds to capital credited to the account of the Association by an organization furnishing electric service to the Association. When capital credited to the account of the Association is retired by an organization furnishing electric service to the Association, any funds returned to the Association may, in the discretion of the Board of Directors, 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 Association.

1. Retirement of capital credits is the actual payment, as provided by subsection 2 below, of patronage capital to the Association 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 Association so long as the retirement is consistent with sound business and management practices and the financial stability of the Association 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 Association. No interest shall be paid or payable by the Association on any patronage capital furnished by its members.

(f) Capital credited to the account of each member shall be assignable only on the books of the Association 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 Association unless the Board of Directors, in its discretion and business judgment, shall determine otherwise.

(g) The Association, before retiring any capital credited to any members' account, shall deduct therefrom any amount owing by such member to the Association together with interest thereon at the statutory rate on judgments in effect when such amount became overdue, compounded annually.

(h) 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 Bylaws 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 Association, after all outstanding indebtedness of the Association shall have been paid, any outstanding capital credits may be retired without priority on a pro rata basis before any payments are made on account of property rights of members.

(b) The remaining liquidation proceeds, if any, shall be distributed ratably among all members of the Association.

Section 8.05. Patronage Refunds in Connection with Furnishing Other Services. In the event that the Association 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 returned retired to those patrons, from whom such amounts were obtained using the procedures set forth in Section 8.01 and 8.03 herein.

Section 8.06. Retirement of Capital Credits of Deceased Member. Notwithstanding any other provision of these bylaws, the Board of Directors, in its sound discretion and business judgment, shall have the power at any time upon the death of any member, if the legal representatives of his or her estate shall request in writing that the capital credited to any such member be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire, at a discounted rate as determined by the Board of Directors from time to time, capital credited to any such member as the Board of Directors, shall determine; provided, however, that the financial condition of the Association shall not be impaired thereby.

ARTICLE IX

ACCESS TO ASSOCIATION RECORDS

Section 9.01. Access to Corporate Records. Upon timely and reasonable written request, in a form and manner prescribed by the Association, members of the Association may be entitled to examination of Association records and information where the General Manager and the Association'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 Association, where the furnishing of information will not be inimical to the Association's best interests, and where the release of such information will not subject the Association to litigation or invade the privacy of any person.

The Association's response to requests from members for association 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 an information request form.

(b) The request form as executed will be reviewed by the General Manager who, before acting, shall consult with the Association'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 member of the Association,
- (3) furnishing the requested information will not be inimical to the Association's best interests, and
- (4) the release of such information will not subject the Association 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 shall be referred to the Board of Directors for decision based upon those same factors.

ARTICLE X

SALE OR LEASE OF ASSETS OF THE ASSOCIATION

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 property which, in the judgment of the Board of Directors, is neither necessary nor useful in operating and maintaining the Association's system in which in any one (1) year shall not exceed ten percent (10%) in value of all of the property of the Association, 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 Association for the purpose of borrowing money.

Section 10.02. Vote Required.

(a) For property of the Association 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 Association.

(b) Any proxy authorizing a vote for or against a proposal to sell, lease or otherwise dispose of property of the Association 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 Association 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 Association 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 Association for the purpose of considering and voting upon the sale, lease or other disposition of property of the Association 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 month period.

(b) In order for any proposal to sell, lease, or otherwise dispose of property of the Association to be properly brought before an annual or special meeting of the members, the requirements of Section 77-5-237, Mississippi Code (1972) must be met, and in addition the following requirements must be satisfied:

- (1) The Association 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 Association is a member. The notification of the offer of purchase must contain all of the information provided to the Association, 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) 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 Association as required by Section 77-5-237, Mississippi Code (1972), and other provisions of these bylaws.
- (4) The Purchaser must have agreed in writing to indemnify the Association 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 Association arising out of any act or omission of the Association or Purchaser occurring before or after the sale of property of the Association to the Purchaser.

Section 10.04. Required Disclosure. Any Purchaser shall prepare and deliver to the Board of Directors of the Association a written disclosure statement containing the following information and documents:

- (a) that information as required by Section 77-5-237, Mississippi Code (1972)
- (b) any plans or proposal of the Purchaser or an Affiliate of the Purchaser concerning the future conduct of the business of the Association including, but not limited to:
 - (1) Resale of any of the property of the Association;
 - (2) Termination of employment of persons employed by the Association;
 - (3) Changes in benefits of employees of the Association under any employee benefit plan;
 - (4) Changes in rates for electricity to be charged in the service area served by the Association; and
 - (5) Any reduction in service, change in service area, or requirements as to minimum charges which would affect members of the Association;

(c) an opinion of counsel to the Purchaser setting forth the tax consequences of the acquisition to the Association and its members; 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 Association.

Section 10.05. Competing Bid Disclosure. Any competing bids given to the Association members of the proposed purchase shall include any other offers to purchase received from any lender of the Association or any generation and transmission association of which the Association is a member and shall include the term 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 Association that is not effected in strict compliance with the provision of Section 77-5-237, Mississippi Code (1972) 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 is providing the disclosure required by Section 10.03, 10.04 and 10.05, or in any other communication with the members of the Association, 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 Association and its members for any damages incurred thereby, including, but not limited to, the difference in the consideration paid for the property of the Association 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 Association.

Section 10.07. Non-application to Consolidation. The provisions of Section 10 do not apply to the consolidation of associations effectuated pursuant to Section 77-5-217, Mississippi 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 Association may become a member of any and all other organizations the Board of Directors may determine shall be in the best interest of the Association, and the directors shall have full power and authority to authorize the Association to purchase stock in or to become a member of any corporation or association organized on a nonprofit basis for the purpose of engaging in rural electrification, industrial or economic development, or other worthwhile nonprofit endeavors. The Association may make contributions to nonprofit charitable or civic organizations or drives, and the Board of Directors may, by resolution or order, authorize the General Manager to act for the Association in this regard. The Directors shall also have full power and authority to subscribe for and on behalf of the Association, for mailing or delivery to the members individually, on an annual basis or otherwise, to the official newspaper or bulletin of the Electric Cooperatives of Mississippi, and to any and all other publications as may be determined by the Directors, with payment for such publication subscriptions to be made from funds accruing in each member's favor, as provided in the application for membership.

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 Association 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 Association shall be in the form of a circle and thereon shall be inscribed the name and address of the Association and the words "Corporate Seal".

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.

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.

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 notices of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Section 11.07. Roberts Rules of Order. Parliamentary procedure shall be governed by the most recent edition of Roberts Rules of Order at all Association meetings, including committee meetings which may be duly established by the Board of Directors, except to the extent such procedure is otherwise determined by law or by the Association's Certificate of Incorporation or these bylaws.

Section 11.08. Effective Date. These bylaws, which constitute a binding contract between the Association and each of its members, shall become effective on *March 16, 2017*.