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**ARTICLE I**  
**MEMBERS**

**Section 1.01. Qualifications, Applications and Obligations.** (a) Any natural person, firm, association, corporation, business trust, partnership or body politic may become a member (a “**Member**”) of Coahoma Electric Power Association (the “**Association**”) by:

- (1) making a written application; and
- (2) paying the membership fee; and
- (3) agreeing to purchase electric energy from the Association; and
- (4) agreeing to comply with and be bound by the Association’s Certificate of Incorporation 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 (1) membership in the Association.

(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. 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. Any former Member of the Association may, by the sole act of paying a new membership fee and any outstanding account with interest (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 Association), 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.

(d) The membership fee shall be \$20, and shall be 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 to his or her residence and one or more service connections for non-residential use. In addition to the service connection to his or her place of residence, the Member shall be permitted to have other residential service connections served under his or her membership only if such residential service connections are to provide service to farm laborers employed by the Member and engaged in farm labor on the property of the member. 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 such Member if so required by the Association. All service security deposits and membership fees paid to the Association on or after May 17, 1960 shall be refunded to the Member in cash on demand, provided all services furnished by virtue of the membership have been discontinued, and provided that all amounts due the Association are paid in full; and further provided that the Board of Directors may direct that a portion of the membership fee be retained to partially defray the cost of temporary service. If the Member fails to claim the service security deposit or membership fee within five (5) years after the termination of service with the Association, then in accordance with Mississippi's Uniform Disposition of Unclaimed Property Act, such funds will be presumed abandoned. All membership fees paid to the Association before May 17, 1960 shall not be refunded in cash but shall be transferred to the member's patronage capital account as a credit to that Member. After all amounts due the Association have been paid in full, the amount of the membership fee so paid and transferred will be returned to the member in cash at the time a patronage refund is paid for the first year following the termination of membership.

**Section 1.02. Joint Membership.** Married couples will 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 connection. If one of them is already a Member, they may, if so desired, convert such membership into a joint one upon notice to the Association. The words "Member," "applicant," "person," "his," "her," and "him," as used in these Bylaws, shall include spouses 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 (1) 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;
- (c) either may cast the membership's one (1) 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 Association, but only if both meet the qualifications required therefor.

**Section 1.03. Purchase of Electric Energy.** Except as otherwise provided herein, each Member shall, as soon as electric energy is made available, purchase from the Association all electric energy used on the premises specified in the Member's application for membership, unless and except such energy is generated from the member's own assets and further unless and except to the extent that the Board of Directors may in writing waive such requirement and shall pay at the applicable rate schedule which shall, from time to time, be fixed by the Board of Directors. 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 Member. Each applicant will furnish sufficient identification to verify their 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 the Association's facilities shall be subject to appropriate regulations as shall be fixed, from time to time, by the Association. Notice of the presence or intent to construct such co-generation facilities upon the premises shall be given to the Association. Compliance with the National Electrical Safety Code and the National Electrical Code and all articles of the Association's Policy No. 32 Distributive Generation (and any amendments thereto) shall be met before any interconnection with the Association's 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 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 Member's 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 any wiring and/or equipment of the member. Each Member shall be responsible for and shall indemnify the Association and its directors, officers, 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 and 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 same. 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 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 Association and its directors, officers, 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, or revenues resulting from the failure or defective functioning of its metering equipment. The Association shall, however, in accordance with its applicable service rules and regulations, repay or credit 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; Use of AMI.** Each Member (if legally able) shall, upon being requested to do so by the Association, execute and deliver to the Association 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 occupants or for the construction, extension, improvement, operation, maintenance or relocation of the Association's electric facilities. Member shall consent to the Association's use of Automated Meter Infrastructure (AMI) for determining the amount of electric power used by each Member.

**Section 1.07. Non-Liability for Debts of the Association.** The private property of the Members 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 either in a specific notice to the Member or in the Association's generally publicized applicable rules and regulations, a person's membership in the Association shall automatically be suspended; and such Member 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 non-compliance 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 any 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, such Member may, without further notice, but only after due hearing if such is requested by such Member, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any Member 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 Member's membership shall be reinstated retroactively to the date of expulsion. After any finally effective expulsion of a Member, such person or entity 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 of 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 Association and upon compliance with such terms and conditions as the Board of Directors may prescribe, thus terminating membership and service. The membership of any Member who ceases to be a consumer for thirteen (13) months shall thereupon terminate.

**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 the 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 service as a new member upon written application, and further subject to the provisions of Section 1.01. The cessation of the legal existence of any other type of Member shall automatically terminate such membership; provided, however, 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 Member's membership, 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 to 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 Member from membership obligations as to entitle him or her to purchase from any other source any electric power or energy for use at the premises to which such service has theretofore been furnished by the Association pursuant to such membership.

**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 debt 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 person 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 Acknowledgment of Membership Termination; Acceptance of Member Retroactively.** Upon the termination of a Member'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 Member. 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 or entity applies for, and the Board of Directors approves, membership retroactively to the 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 services 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.

**Section 2.08. Discontinuance of Service for Violation of Rules and Regulations or Association's Policy.** The Association shall strive to give at least five (5) calendar days' written notice to the Member prior to any service disconnection, provided, however, for fraud, careless neglect, or unlawful use of the service, or where a dangerous condition is found to exist on the member's premises, service may be discontinued without advance notice.

### **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 on the second Thursday of February of each year, at such place in Coahoma County, Mississippi, 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 day otherwise established for such meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Association.

**Section 3.02. Special Meetings.** Special meetings of the Members may be called by a majority of the Board of Directors, or upon written petition submitted to the Board of Directors signed by at least three hundred (300) Members; any such petition(s) shall be submitted on forms provided by the Association, and the same shall be signed, completed and verified in the same manner as are petitions submitted under Section 4.04 of these Bylaws. Special meetings shall be held at such place within Coahoma County, Mississippi, on such date, and at such hour as the Board of Directors shall fix and determine, and the Association's Secretary shall cause notice of any such meetings to be given as hereinafter provided.

**Section 3.03. Notice of Members' Meetings.** Written or printed notice stating the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each Member not less than fifteen (15) days nor more than twenty-five (25) days prior to the date of the meeting, either personally, by mail, or electronically, by or at the direction of the Association's Secretary, or by the directors or members calling the meeting. Written notice of any meeting at which the Association's certificate of incorporation will be voted on by the Members must be sent to the Members at least thirty (30) days prior to the date of the meeting, and shall identify and describe the purpose of the amendment. If Directors are to be elected at such meeting, the notice of Members' meeting shall include a statement of the members of the Board of Directors to be elected as provided in Section 4.04. Unless specified in such notice of meeting, no matter may be acted upon at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the Member at his or her address as it appears on the records of the Association, with postage thereon prepaid. The failure of any Member to receive such notice shall not invalidate any action which may be taken by the Members at any such meeting.

**Section 3.04. Quorum.** Three hundred (300) Members shall constitute a quorum at any regular or special meeting of Members. This number shall be arrived at by adding the number of Members present in person at the meeting to the number of Members represented at that meeting by valid proxies filed as provided by these Bylaws. If less than a quorum is present at any meeting of Members, the officer of the Association who is presiding at the meeting may, at the time stated in the notice and without a motion, declare the meeting adjourned and closed or he may hold the meeting open for 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.

**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. A Member may vote at any such meeting either in person or by proxy. At a meeting of the Members where Directors are to be elected, all Members present in person or by proxy may cast one (1) vote for each Director to be elected; each Member may vote his or her own vote plus those proxies executed in such Member's favor, pursuant to Section 3.06 and 3.07 of these Bylaws. Voting by Members other than Members who are natural 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 these Bylaws or any amendment(s) thereto. Members may not cumulate their votes.

**Section 3.06. Proxies.** At all meetings of the Members, a Member may vote by proxy executed in writing and signed by the Member, subject to the provisions hereinafter set forth, provided, however, any Member intending to vote by proxy must file the executed proxy at the Association's headquarters by the close of business on the later of the Monday preceding the annual or special meeting or three (3) business days prior to such meeting. A Member may personally deliver his or her proxy to the said offices of the Association or mail the proxy by United States Mail, postage prepaid, addressed to the Secretary, Coahoma Electric Power Association, P. O. Box 188, Lyon, Mississippi, 38645. If the proxy is sent by mail, the date of its receipt in the Association's office at the above address shall be its filing date. The proxy must have entered thereon the name and account number of the member appointed to vote the proxy. 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 proxy shall be voted by anyone except a Member. A Member may appoint any other individual Member to vote his or her proxy, or a Member may appoint the individual members of the Board of Directors, collectively, to vote said proxy. No Member shall vote as proxy for more than fifty (50) Members at any meeting of the Members. In the event an individual Member is appointed to vote as proxy for more than fifty (50) other Members, such proxies in excess of fifty (50) shall be assigned to the Board of Directors for voting; and the proxies so assigned and those proxies appointing the individual members of the Board of Directors shall be voted according to the will of a majority of the Board of Directors. The presence of a Member at a meeting of the Members shall revoke 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 revoke 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 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 Association shall furnish such 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 Association. Blank proxy forms will not be distributed in bulk to any Member. Designation of proxies shall be upon forms prescribed by the Board of Directors and furnished by the Association and no other forms shall be recognized or accepted.

**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 duly authorized in writing may represent and cast the one vote of a corporation; (b) a trustee, steward, deacon, clerk or pastor duly authorized in writing may represent and cast the one vote of a church; (c) a school trustee, principal or superintendent duly authorized in writing may represent and cast the one vote of a school; (d) a member, manager or officer duly authorized in writing may represent and cast the one vote of a limited liability company or a limited liability partnership; and (e) any other association or organization not a legal entity may be represented by and have its one vote cast by any person duly authorized in writing who is a trustee, or manager, 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 Association who is presiding at such meeting:

1. Report on the existence of a quorum.
2. Presentation of the notice of the meeting and proof of the due mailing thereof, or the waiver(s) 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. Presentation and consideration of reports of officers, Directors and committees.
5. Nomination and Election of Directors.
  - (a) Receive report of Committee on Nominations.
  - (b) Secretary to present petitions filed and posted for the nominations of Directors, if any.
  - (c) Voting on nominees for election of Directors.
6. Old business.
7. New business.

8. Adjournment.

**ARTICLE IV**  
**DIRECTORS**

**Section 4.01. General Powers.** The business and affairs of the Association shall be managed by a Board of Directors comprised of eight (8) persons 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 prohibited by law, or by the Articles of Incorporation of the Association (and any amendment(s) thereto, or by these Bylaws (and any amendment(s) thereto) conferred upon or reserved to the Members.

**Section 4.02. Geographic Representation.** Equitable geographic representation of the service area of the Association shall be an objective considered by the Committee on Nominations in selecting nominees for Director elections, but shall not be required.

**Section 4.03. Tenure & Qualifications.** (a) At the 2015 annual meeting of the Members, three (3) Directors were elected by ballot, by and from the Members; at the 2016 annual meeting of the Members, three (3) Directors shall be elected by ballot, by and from the Members; and at the 2017 annual meeting of the Members, two (2) Directors shall be elected by ballot, by and from the Members. Thereafter, the total number of directors whose terms expire at such meeting shall be elected by ballot, by and from the Members. All Directors shall serve a term of three (3) years or until his or her successor shall be duly elected and qualified 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 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 by voice vote. 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 Association who is not an active Member in good standing of the Association, has not been a bona fide Member of the Association for one (1) year immediately preceding the nomination to directorship, or who is in any way employed by or financially interested in a competing enterprise, or who is an employee (or a retired employee) of the Association.

(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 in good standing and receiving electric service therefrom. However, the operating or chief executive of any Member which is not a natural person, such as a corporation, limited liability company, limited liability partnership, limited or general partnership, church, or other entity or association, shall be eligible to become a Director, provided such person

(1) is in substantial permanent occupancy, direction or use of the premises served by the Association, and

(2) is a permanent and year-round resident within or in close proximity to the area served by the Association.

When a membership is held jointly by a married couple, either one but not both may be elected a Director; provided, however that neither 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.

(f) No person shall take or hold office as Director who is the incumbent of or a candidate for any elected county, beat, district, school district, municipal, or state public office.

(g) No person shall be eligible to become or remain a Director who does not have the legal capacity to enter into a binding contract.

(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 the establishment of the fact that any person being considered for, or already holding, a Director 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 person, 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. Committee on Nominations.** (a) It shall be the duty of the Board of Directors to appoint, no less than forty (40) calendar days nor more than ninety (90) calendar days before the date of the meeting of the Members at which Directors are to be elected, a Committee on Nominations consisting of not less than five (5) nor more than eleven (11) Members who shall be selected with consideration being given to provide geographic representation of the Association's service area. 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. The Committee on Nominations shall receive and consider any suggestion as to nominees submitted by Members. The Committee on Nominations shall meet at a time and place set by the Board of Directors. The Committee on Nominations shall prepare and post at the principal office of the Association at least thirty-five (35) calendar days before the meeting a list of nominations for Directors. The Secretary must mail with the notice of the meeting or separately a statement of the number of Directors to be elected and the names and addresses of the candidates nominated by the Committee on Nominations.

(b) Nominations By Petition. Any fifty (50) Members acting together may make a nomination by petition and the Secretary shall post such nomination at the same place where the list of nominations by the Committee on Nominations is posted. Any petition for nomination shall be submitted on a form designated and provided by the Association. Each Member signing such petition shall place thereon the date of signing, address and account number of the Member. The Secretary shall mail with the notice of the meeting or separately a statement of the number of board members to be elected and the names of candidates nominated by the committees and the names of candidates nominated by petition, if any. Nominations made by petition, if any, received by the close of business at least 90 calendar days before the annual meeting shall be included on the official ballot. No petition may contain more than one nominee.

(c) Notwithstanding anything in this Section, 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 ten percent (10%) of the Members, requesting the removal of the Officer or Director in question. As used herein, "just cause" shall mean, without limitation: official misconduct, gross negligence while in the performance of official duties and/or a final conviction of a felony or misdemeanor involving moral turpitude while in the performance of official duties. 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 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.** (a) 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 successor shall have been elected and shall have qualified.

(b) If a quorum for the transaction of business is not present at any meeting of the Members at

which Directors were to have been elected, the offices of the Directors whose three (3) year terms of office have expired may be declared vacant by a majority vote of the Board of Directors, and the vacancies shall be filled by a majority vote of the remaining Directors. Such vacancies are to be filled from a list of names consisting of those persons nominated by the Committee on Nominations and those nominations made by petition that would have been presented to the Members at the last preceding meeting of Members for election of Directors, and persons thus selected shall hold office for terms to expire as would have been the case if they had been elected at the last preceding meeting of Members for the election of Directors.

(c) The office of a Director is subject to being declared vacant and subject to being filled pursuant to this Section if (1) the Director has failed to attend as many as three (3) consecutive meetings of the Board of Directors, whether special or regular, and at least a majority of the remaining Directors determine, in their sole judgement, that such failure did not occur for justifiable cause and will likely recur; or (2) the Director, as determined in the sole judgement by at least a majority of the remaining Directors, has become incapable of performing the duties of a Director and such incapability is not likely to cease within a reasonable time.

**Section 4.07. Compensation, 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. 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 may be authorized and deemed reasonable by the Board of Directors.

**Section 4.08 No Compensation for Close Relatives.** No close relative of any Director shall receive compensation for serving the Association unless the relative (1) has been in the regular employ of the Association for at least one (1) year immediately preceding the time the Director to whom they are related became a Director; or (2) performs services certified by the Board as an emergency measure; or (3) receives compensation by authorization of the membership.

**Section 4.09. "Close Relative" Defined.** As used in these Bylaws, "close relative" means a person who is a spouse, father, mother, son, daughter, child, grandchild, parent, grandparent, 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, including through step and adoptive kin.

**Section 4.10. Rules and Regulations.** The Board of Directors shall have power to make and adopt such rules and regulations, rate schedules, requirement contracts and deposits, not inconsistent with the Association's Articles of Incorporation (and any amendment(s) thereto) or these Bylaws (or any amendment(s) thereto), as it deems advisable for the management, administration and regulation of the business and affairs of the Association.

**Section 4.11. Accounting Systems and Reports.** The Association's accounting system shall be generally of the type and form as may from time to time be designated by the Administrator of the Rural Utility Service of the United States of America (RUS) and the National Rural Utilities Cooperative Finance Corporation (CFC) 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 soon as practical after the end of each fiscal year by a Certified Public Accountant chosen by the Board of Directors.

**Section 4.12. Indemnification and Liability Insurance.**

(a) Each Director and Officer (including the Manager and any person while acting in the capacity of Manager) of this Association now or hereafter serving as such (and his or her heirs and personal representatives), shall be indemnified by the Association against any and all claims and liabilities asserted in any threatened, pending, or future action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal, to which such person is a party, or is threatened, or should be made a party, by reason of the fact that such person is or was a Director, Officer or Manager of the Association, or by reason of any action alleged to have been taken, omitted, or neglected by such person as an Director, Officer or Manager, against expenses, reasonable attorneys' fees, court costs, judgments, fines, and amounts paid in settlement or after judgment, actually reasonably incurred by such person in connection with such action, suit, or proceeding; provided that:

- (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 Association were in its best interests;
  - (b) Conduct in any other capacity was at least not opposed to the Association's best interests; and
  - (c) In the case of any criminal proceeding, there was no reasonable cause to believe the conduct was unlawful.

No reimbursement for the settlement of any claim made against any Director, Officer or Manager indemnified hereunder shall be made except where such settlement has been approved by the Board of Directors prior to the consummation thereof. No Director, Officer or Manager shall be indemnified against or be reimbursed for any expense incurred in connection with any claim or liability arising out of such person's own willful misconduct or gross negligence; or an illegal act in the performance of his or her duties; in such event, the Board of Directors shall be the sole judge of the willful misconduct, gross negligence, or illegal act of any Director or Officer indemnified hereunder, and their determination thereof shall be final and conclusive as to such conduct. The termination of a proceeding by judgment, order, settlement or conviction is not, of itself, determinative that the Director, Officer or Manager did not meet the standard of conduct described in this Section and by *Miss. Code Ann.* Section 79-11-281, as amended.

(b) No Director, Officer or Manager shall be entitled to any indemnification hereunder except in the event the amount or amounts required to be paid on the items hereinabove enumerated, by

any Director, Officer or Manager indemnified hereunder, shall exceed any insurance coverage provided such Director, Officer or Manager by the Association, or carried individually by such Director, Officer or Manager and then only in such amount paid by such Director, Officer or Manager which actually exceeds all payments made on behalf of such Director, Officer or Manager by any insurance carrier or carriers.

(c) No Director, Officer or Manager shall be entitled to any indemnification hereunder by the Association (1) in connection with a proceeding by or in the right of the Association in which the Director, Officer or Manager was adjudged liable to the Association, or (2) in connection with any other proceeding charging improper personal benefit to him or her, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her. Indemnification permitted under this Section in connection with a proceeding by or in the right of the Association is limited to reasonable expenses incurred in connection with the proceeding.

(d) 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 Directors, Officers and Managers who should hereafter cease to be Directors, Officers or Managers, and shall inure to the benefit of their heirs and legal representatives.

(e) The provisions of this Section shall be inapplicable to any action brought by the Association against any Director, Officer or Manager otherwise indemnified hereunder.

**Section 4.13. Standard of Conduct for Directors and Officers.** The standard of conduct for Directors and Officers of the Association are hereby conformed to the standards for Directors and Officers of other non-profit corporations under Mississippi law, more specifically *Miss. Code Ann.* Sections 79-11-267 through 79-11-281, as amended.

## **ARTICLE V**

### **MEETINGS OF DIRECTORS**

**Section 5.01. Regular Meetings.** A regular meeting of the Board of Directors shall be held, without notice, other than this Bylaw provision, immediately after the adjournment of the annual meeting of the Members, or as soon thereafter as conveniently may be held, at such site as designated by the Board of Directors in advance of the annual members' meeting. Regular meetings of the Board of Directors shall be held monthly at such date, time, and place within the certified service area of the Association. 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

unless the Board goes into executive session. Meetings of the Board of Directors shall not be open to non-members except upon the express invitation of the Board of Directors. 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, including but not limited to those matters concerning the character, professional confidence, 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 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 the Association's facilities;

(8) discussion of such terms of employment or termination of an employee(s);

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

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

(b) Members may address the Board of Directors 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) business 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 presiding officer of the Board of Directors may limit the format and length of any Member's presentation. The Board of Directors may defer any presentation by a Member to the next scheduled meeting of the Board of Directors 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 Cooperative 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 by any three (3) members of the Board of Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time, and the place shall be at the Association's main office in Lyon, 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 Association, unless five (5) members of the Board Directors consent to its being held in some other place in Mississippi or elsewhere.

(c) Special meetings of the Board of Directors 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 a majority of the Directors consent thereto.

(d) Without a special meeting of the Board of Directors, the Board of Directors may take an action required or permitted to be taken at a meeting of the Board of Directors if the action is: (1) taken by all Directors; and (2) evidenced by one (1) or more written or electronic consents (the “**Director Written Consent**”): (A) describing the action taken; (B) signed by each Director; (C) delivered to the Association; and (D) included with the Association’s minutes of the meetings of the Board of Directors. Except to the extent a different effective date is specified in the Director Written Consent, action taken by Director Written Consent is effective when the last Director signed the Director Written Consent.

**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 a resolution of the Board of Directors, at least three (3) business days previous thereto, by written notice, delivered personally, electronically, 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 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 physical or electronic address to convene a special meeting of the Board of Directors.

**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 of Directors, 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 Directors 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 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 with respect to the disposition or mortgage of the assets of the Association that is governed by *Miss. Code Ann. §77-5-237*, as amended. In the case of a tie vote of the Directors on any particular matter, the President of the Association shall be entitled to cast the deciding vote.

## **ARTICLE VI** **OFFICERS**

**Section 6.01. Number.** The officers of the Association shall consist of a President, Vice-President, Secretary, Treasurer, and such other officers, as from time to time, the Board of Directors deemed desirable. The offices of Secretary and of Treasurer may be held by the same person.

**Section 6.02. Election and Term of Office.** The officers shall 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 held after each annual meeting of the Members. If the election of officers shall not be held at such meeting, it 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 his or her successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of directors and officers. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities, and authorities, as the Board of Directors may from time to time deem advisable.

**Section 6.03. Removal.** Any officer, agent, or employee elected or appointed by the Board of Directors may be removed by the Board 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 be the principal executive officer of the Association and 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 Association 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 Association 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 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

(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 shall:

(a) keep, or cause to be kept, the minutes of the meetings 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 Association and affix the seal to all documents, the execution of which on behalf of the Association under its seal is duly authorized in accordance with the provisions of these Bylaws or is required by law;

(d) keep or cause to be kept 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 Articles of Incorporation and Bylaws and all amendments thereto, which copies shall always be open to the inspection of any member and, at the expense of the Association, furnish a copy of such documents and of all amendments thereto upon request to 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 Association;
- (b) receive and give receipt for all monies due and payable to the Association from any source whatsoever, and the deposit or investment of all such monies in the name of the Association in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provisions of these Bylaws not inconsistently with Mississippi Code Ann. Section 77-5-247; and
- (c) in general, perform 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 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 responsibility and 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 Association who are not Directors.

**Section 6.10. Manager.** The Board of Directors may appoint a Manager, who may be, but who shall not be required to be, a Member of the Association. The Manager shall perform such duties as the Board of Directors may from time to time require, and shall have such authority as the Board of Directors may from time to time vest in him or her. The Board of Directors shall, from time to time, fix, amend or increase the compensation of the Manager.

**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 paid by the Association.

**Section 6.12. Reports.** The officers of the Association may submit at each annual meeting of the Members reports covering business of the Association for the fiscal year and showing the financial 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 or by law, the Board of Directors may authorize any Association officer or officers, agent, agents, or employee 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 or other orders for the payment of money, and all notes, bonds 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 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(s) or in such financial securities or institutions or trust company(ies) as the Board of Directors may select, not inconsistent with Mississippi Code Ann. Section 77-5-247.

## **ARTICLE VIII** **NON-PROFIT OPERATION**

**Section 8.01. Apportionment of Excess Revenues.** In accordance with Mississippi Code 77-5-235, 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 Cooperative may have issued and/or assumed in the performance of the purpose for which it was formed. The revenues and receipts of the Cooperative 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 as a cooperative on a non-profit basis for the mutual benefit of the Members. No interest or dividends shall be paid or payable by the Association on any capital furnished by the Members, unless otherwise required by law, 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 shall 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 Association agrees 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 operating costs and expenses at the moment of receipt by

the Association are received with the understanding that they are furnished by the Members as capital. The Association is obligated to 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 shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each 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 in pursuant of a legal obligation to do so, and the Member had then furnished the Association corresponding amounts of capital.

(c) All other amounts received by the Association from its operations in excess of 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 needed for that purpose, allocated to its members on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of Members, as herein provided.

(d) In the event of a bid or proposal to purchase 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.

(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 each Member's account 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.

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.

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 Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative.

(f) Capital credited to the account of each Member shall not be assignable on the books of the Association unless the Board of Directors, acting in its discretion and business judgment, shall determine otherwise.

The Cooperative, before retiring any capital credited to any member's account, may deduct therefrom any amount owing by such member to the Cooperative, together with interest thereon at the rate on judgments in effect per the Cooperative's policy in effect when such amount became overdue, compounded annually.

To the extent a member disagrees with the decisions of the Board of Directors with respect to the allocation or retirement of capital credits or Mississippi Code 77-5-235, the member may seek arbitration pursuant to Article XI of the Bylaws but only after the member has first provided written notice to the Board of Directors at least fifteen (15) calendar 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.

The members of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Certificate of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each member, and both the Cooperative and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be made available to each member of the Cooperative by either posting in a conspicuous place in the Cooperative's offices or on the Cooperative's website.

The Association, before retiring any capital credited to any Member's account, shall deduct therefrom any amount owing by such Member to the Association together with interest thereon at the statutory rate on judgements in effect when such amount became overdue compounded annually.

**Section 8.03. 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 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 Association during the period of its existence.

## **ARTICLE IX**

### **ACCESS TO ASSOCIATION RECORDS**

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

The Association's response to requests from Members information and/or documents shall be governed by the following rules and procedures:

(a) No requests for information and/or documents shall be considered until the requesting Member fills out and executes an information request form, and agrees to prepay the Association's reasonable costs for compiling and/or copying same.

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

(1) the request is in good faith,

(2) the information and/or documents 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 Association,

(3) furnishing the requested information and/or documents will not be inimical to the Association's best interests, and

(4) the release of such information and/or documents 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 will be referred to the Board of Directors for a decision based upon those same factors.

**Section 9.02. Member Information.** (a) Notwithstanding the provisions of Section 9.01 above, and except to the extent required by law, regulation or court order, the Association shall not disclose the name, address or other personal information of any of its Members to any person or entity, including but not limited to any Member seeking election to the Association's Board of Directors.

(b) Notwithstanding the above, the Association may, in its discretion, provide information regarding Members to law enforcement officers to the extent required by law, and to the extent deemed reasonably necessary by the Association in connection with public safety and/or the safety of the Association's Members, Directors, officers or employees.

(c) Notwithstanding the above, if requested by a Member (including but not limited to a Member seeking election to the Association's Board of Directors) the Association will mail legitimate information to all of its Members if such information is for one of the following purposes: (1) to allow a properly nominated candidate seeking election to the Association's Board of Directors to solicit votes from the Members; (2) to allow such Member to solicit signatures from Members to call a special meeting of the Members for a proper purpose; or (3) to allow such Member to solicit votes from Members regarding any matter requiring the consent of the Members. Any Member making a request pursuant to the terms hereof shall be required to submit a written request to the Association's Manager, which request shall include a copy of the information proposed to be mailed to the Members, the date the requesting Member desires that the documents (the copies of which shall be provided by the requesting Member) be placed in the U.S. Mail, and such other information as the Manager may reasonably request. Upon receipt of such written request, the Association's Manager shall determine the cost of mailing labels, envelopes, postage and other reasonable expenses associated with the proposed mailing, and shall advise the requesting Member of the cost of same. Upon the Association's receipt of the printed materials and pre-payment of the costs determined by the Manager (which payment shall be made by certified check, cashier's check or Federal wire transfer), the Association will place the materials in the U.S. Mail to its Members as soon as reasonably practicable.

**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 judgement 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 the Association's property, or

(b) merchandise.

This Section and the other provisions of this Article, however, shall have no application to the mortgaging or encumbering the Association's property 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 above, the same must be first authorized by the affirmative vote of at least sixty percent (60%) of the Members.

(b) Any proxy authorizing a vote for or against a proposal to sell, lease or otherwise dispose of the Association's property 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 the Association's property 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 the Association's property 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 for the purpose of considering and voting upon the sale, lease or other disposition of the Association's property 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 twenty-four (24) month period.

(b) In order for any proposal to sell, lease, or otherwise dispose of the Association's property to be properly brought before an annual or special meeting of the Members, the requirements of *Miss. Code Ann. Section 77-5-237*, as amended, 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 *Miss. Code Ann. Section 77-5-237*, as amended, 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 *Miss. Code Ann. Section 77-5-237*, as amended, 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, judgements 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 a written disclosure statement containing the following information and documents:

- (a) that information as required by *Miss. Code Ann.* Section 77-5-237, as amended;
- (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 Association's property;
  - (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 Association's property.

**Section 10.05. Competing Bid Disclosure.** Any competing bids given to the Association and/or its 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 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 Association's property that is not effected in strict compliance with the provisions of *Miss. Code Ann.* Section 77-5-237, as amended, and the provisions of Section 10.03 and 8.03(d) 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, written or oral, make 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 damage incurred thereby, including, but not limited to, the difference in the consideration paid for the Association's property 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.

**Section 10.07. Non-Application to Consolidation.** The provisions of Section 10 do not apply to the consolidation of associations effectuated pursuant to *Miss. Code Ann.* Section 77-5-217, as amended.

**Section 10.08. Severability.** If any section of this 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 as a majority of the Board of Directors may determine shall be in the best interest of the Association, and the Board of 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 non-profit basis for the purpose of engaging in rural electrification, industrial or economic development, or other worthwhile non-profit endeavors. The Association may make contributions to non-profit, charitable or civic organizations or drives, and the Board of Directors may, by resolution or order, authorize the Manager to act for the Association in this regard. The Board of Directors shall also have full power and authority to subscribe, for and on behalf of the Members, on an annual basis or otherwise, to *Today in Mississippi* and any and all other publications as may be determined by the Board of Directors to be in the best interests of the Association and its Members, 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 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 of the Association and the words "Corporate Seal, Mississippi".

**Section 11.05. Amendments.** These Bylaws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the Board of Directors. This may be done at any regular or special meeting of the Board, provided that the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal, or an accurate summary explanation thereof.

**Section 11.06. Robert's Rules of Order.** Parliamentary procedure at all meetings of the members of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the members of Board of Directors which may from time to time be duly established shall be governed by the most recent edition of *Robert's Rules of Order*, except to the extent such procedure is otherwise determined by law or by the Association's Certificate of Incorporation (and any amendment(s) thereto) or these Bylaws (and any amendment(s) thereto).

**Section 11.07. Alternative Dispute Resolution.** UNLESS OTHERWISE PROHIBITED BY LAW, ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THESE BYLAWS, OR THE BREACH THEREOF, INCLUDING ANY CLAIM OR CONTROVERSY RELATING TO BOARD GOVERNANCE OR ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO PATRONAGE CAPITAL OR MISSISSIPPI CODE 77-5-235 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 SECTION 8.03, 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 THEIR 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.**

**ANY MEMBER MAY REJECT THIS AGREEMENT TO ARBITRATE BY SENDING TO THE COOPERATIVE AT 340 HOPSON STREET, P.O. BOX 188, LYON, MS 38645, A NOTICE (“REJECTION NOTICE”) WITHIN SIXTY (60) CALENDAR DAYS OF THE DATE OF THE BOARD MEETING WHERE THIS ARBITRATION AGREEMENT WAS ADDED 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 MEMBER 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.**

**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.**