

By-Laws
of
Twin County Electric Power Association

As Amended On
July 21, 2020

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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 Twin County Electric Power Association (the “**Association**”) by;

- (1) making a written application therefor; and
- (2) paying the membership fee hereinafter specified; and
- (3) agreeing to purchase electric energy from the Association as hereinafter specified; and
- (4) agreeing to comply with and be bound by the Association’s Articles of Incorporation and these By-Laws (and any amendments to either of them), and such rules and regulations as may, from time to time, be adopted by the Board of Directors.

(b) Upon complying with the requirements set forth in this section of this Article, any applicant shall by Board resolution become a member of the Association (“**Member**”), and become eligible to receive electric service from the Association, unless the Board of Directors shall determine that such applicant is not willing or is not able to satisfy and abide by the Association’s terms and conditions of membership or that such application should be rejected for other good cause; provided, that any person whose application, for sixty (60) days or longer, has been submitted to but not approved by the Board of Directors may, by filing written request therefor with the Association at least thirty (30) days prior to the next meeting of the Members, have the application submitted to and approved or disapproved by the vote of the Members at such meeting, at which the applicant shall be entitled to be present and be heard. No person, firm, corporation or body politic may own more than one (1) membership in the Association. Except as specifically set forth below, no membership in the Association is transferable.

(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. 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.

(e) 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 (1) 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 such Member if so required by the Association.

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 (1) spouse is already a Member, then such Member may, if so desired, convert such membership into a joint membership upon notice to the Association. The words “member,” “applicant,” “person,” “his” or “her” and “him” or “her,” as used in these By-Laws, shall include spouses applying for or holding a joint membership, and any other 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 spouse of a proxy shall constitute one joint proxy; however, if both shall execute a proxy, but be in disagreement on any vote, each shall constitute only one-half ($\frac{1}{2}$) vote;

(b) The presence at a meeting of either or both spouse shall constitute the presence of one Member and a joint waiver of notice of the meeting and a revocation of any proxy executed by either or both pursuant to Section 3.06 of these By-Laws;

(c) The vote of either or both spouse shall constitute, respectively, one joint vote; however, if both spouses be present and in disagreement on such vote, each shall cast only one-half ($\frac{1}{2}$) vote;

(d) Notice to or waiver of notice signed by either or both spouse shall constitute, respectively, a joint notice or waiver of notice;

(e) Suspension or termination in any manner except death of either spouse shall constitute, respectively, suspension or termination of the joint membership except as provided by Section 2.06;

(f) Either spouse, but not both spouses 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, and shall pay therefor monthly 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 one (1) Member. Each Member applicant shall assume liability and make payment for the following:

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

When the Member has more than one service connection from the Association, any payment by or for the Member for service from the Association shall be deemed to be allocated and credited on a pro-rata basis to that Member's outstanding accounts for all such service connections, notwithstanding that the Association's actual accounting procedures do not reflect such allocation and proration. Each applicant will furnish sufficient identification to verify the applicant's true identity and any previous addresses required by the Association.

Section 1.04. Recovery for Overbilling. Pursuant to *Miss. Code Ann. Section 77-5-259*, as amended, no collection, reimbursement or other relief may be claimed or awarded for overbillings occurring more than six (6) years or any other term as may be contained in any future amendment of *Miss. Code Ann. Section 77-5-259* or any replacement statute.

Section 1.05. 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 or intent to construct such co-generation facilities upon the premises shall be given to the Association. Compliance with the National Electric Safety Code and the National Electric Code is a prerequisite before any interconnection with the Association's facilities may be allowed.

Section 1.06. Wiring of Premises; Responsibility Thereof; 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 to become and to remain wired in accordance with the specifications of the Mississippi Insurance Underwriters Association, the National Electric Code, the National Electric Safety Code, and any applicable state code or local government ordinances, and of the Association. Notwithstanding the above, the Association shall have no duty to inspect, approve, or disapprove any wiring and/or equipment of any Member, and it is 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 equipment, or the safety or adequacy of the same. 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 Member's 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 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 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 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 revenues resulting from the failure or defective functioning of its metering equipment. In no event shall the responsibility of the Association extend beyond the point of delivery.

Section 1.07. Members 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 easement or right-of-way over, on and under such lands owned or occupied by the Member, and in accordance with such reasonable terms and conditions, as the Association shall require for the furnishing of electric service on said land or nearby land to the Member or other Members or for the construction, extension, improvement, operation, maintenance or relocation of the Association's electric facilities.

Section 1.08. 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.

Each Member shall participate in any required program that may be established by the Association to enhance load management, more efficiently to utilize or conserve electric energy, or to conduct load research.

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01. Suspension; Reinstatement. Upon the failure to pay any amounts due to the Association or failure to comply with any membership obligations, after the expiration of the initial time limit prescribed either in a specific written notice to the Member or in the Association's applicable rules and regulations, a Member's membership shall automatically be suspended even though such Member's electric service may not have been terminated; and the 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. Payment of all amounts due the Association, including any additional charges required for such reinstatement, and/or cessation of any other non-compliance with membership obligations within the 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 all rights of a Member in good standing.

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 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 the latter event such person's membership shall be reinstated retroactively to the date of expulsion. After any finally effective expulsion of a Member, such person may not again become a Member except upon new application therefor duly approved as provided in Section 1.01. 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 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.

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. One not a joint Member but who continues to reside at the location receiving service may succeed to the membership upon application

therefor subject to the provisions of Section 1.01 and upon proper assignment or proof of legal entitlement. The cessation of the legal existence of any other type of Member shall automatically terminate such membership; provided, that upon the dissolution 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, said Member (or the estate of deceased Member) shall be entitled to a refund of the membership fee (and to the service security deposit, if any, theretofore paid the Association), less any amount due the Association; but neither the Member nor the 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 a 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 or her estate shall have the rights related to any Patronage Capital such former Member contributed to the Association pursuant to the terms of these By-Laws.

Section 2.06. Effect of Death, Legal Separation or Divorce upon a Joint Membership. Upon the death of either person comprising 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 joint Member 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, own, or use 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. Acknowledgment of Membership Termination; Acceptance of Member Retroactively. Upon the termination of a Member's membership for any reason, a record of such termination shall be entered upon the records of the membership of the Association, 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; provided, that if the Association acquires facilities which are already providing electric services to patrons that are not Members, the Association, in its sole discretion, may continue

furnishing such pre-existing service without requiring such patrons to become members if to do otherwise would create hardship. However, the Association may require such patrons to apply for membership in the Association within a reasonable time by following the procedures set forth in Section 1.01 above. Applications for electric service to local, state and federal governmental agencies and entities may be accepted by the Board of Directors without regard to whether or not such agencies or entities have applied for membership; but such agency or entity, by accepting such electric service, agrees to the terms and conditions of such service as set forth in the Articles of Incorporation and the By-Laws (and any amendments to either of them) and the policies of the Association, the same as if it were a Member, except that it shall not be entitled to vote as a Member and shall not be required to pay any membership fee. In no event shall such non-member patron revenue exceed fifteen percent (15%) of the total revenue received by the Association in any one year.

ARTICLE III **MEETINGS OF MEMBERS**

Section 3.01. Defined Terms. As used herein, “Members in Good Standing” shall mean all of the Association’s Members whose membership has not been suspended pursuant to Section 2.01, has not been terminated by expulsion pursuant to Section 2.02, or otherwise terminated, and “Member in Good Standing” shall mean any of them. As used herein, “Record Date” shall mean the date for determining the Members in Good Standing who are entitled to (a) sign a petition pursuant to Section 3.03 or Section 4.04 below; (b) receive notice of meeting pursuant to Section 3.04 below and any documents related thereto; (c) vote or otherwise act at a meeting of the Members, either in person or by proxy; or (d) eligible to be nominated to serve as a Director. Except as otherwise fixed by a resolution of the Board of Directors, the Record Date for an annual meeting of the Members as provided for in Section 3.02 below shall be the date of the of the regular meeting of the Board of Directors held in July immediately prior to such annual meeting. The Record Date for special meetings of the Members shall be fixed by resolution of the Board of Directors.

Section 3.02. 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 third Tuesday of the month of September each year, at 2:00 p.m. at such place in one of the counties of Mississippi within which the Association serves; provided that for cause sufficient, the Board of Directors may fix a different date for such annual meeting. 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.

Section 3.03. Special Meetings. Special meetings of the Members may be called by a majority vote of the Directors or upon a written request signed by at least ten percent (10%) of all Members in Good Standing and it shall thereupon be the duty of the Secretary to cause notice of such meetings to be given as hereinafter provided. Special meetings of the Members may be held at any

place within one of the counties served by the Association as designated by the Board of Directors, and shall be specified in the notice of the special meeting.

Section 3.04. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than thirty (30) calendar days nor more than forty-five (45) calendar days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary to each Member in Good Standing as of the Record Date. 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 below. Only matters specified in the notice of a special meeting of the Members may be acted upon by the Members at such special meeting. If mailed, such notices 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 3.05. Quorum. Ten percent (10%) of the total number of Members in Good Standing as of the Record Date or five hundred (500) of the Members in Good Standing as of the Record Date, whichever is less, shall constitute a quorum at a regular or special meeting of Members. This number shall be arrived at by adding the number of Members in Good Standing present in person at the meeting to the number of Members in Good Standing represented at that meeting by valid proxies filed in accordance with these By-Laws. If less than a quorum is present at any meeting of Members, the officer 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 (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-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 limitation, adjourning said meeting to another time or place.

Section 3.06. Voting. Each Member in Good Standing as of the Record Date shall be entitled to only one (1) vote upon each matter submitted to a vote at any meeting of the Members at which a quorum is present. A Member in Good Standing as of the Record Date may vote in person or by proxy. At a meeting of the Members where Directors are to be elected, all Members in Good Standing as of the Record Date present in person or by proxy may cast one (1) vote for each Director to be elected; each Member in Good Standing as of the Record Date may vote his or her own vote plus those proxies executed in his or her favor, pursuant to Section 3.07 of these By-Laws. 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 Articles of Incorporation or these By-Laws. Members may not cumulate their votes.

Section 3.07. Proxies. At all meeting of the Members, a Member in Good Standing as of Record Date may vote by proxy executed in writing by such Member, subject to the provisions hereinafter set forth; provided, however, any Member who desires to vote by proxy must file the executed proxy at any of the Association's offices, not later than 5:00 P.M. on the sixth calendar day prior to the meeting. In the event the Association's offices are not open for business on such sixth calendar day prior to the meeting, then such proxy may be filed no later than 5:00 P.M. on the next calendar day that the Association's offices are open for business. The proxy must have entered thereon the account number of the Member whose proxy is to be voted. If any Member receives electric service through two (2) or more meters at different premises, such Member shall be entitled to not more than one (1) vote at any meeting of the Members, in accordance with the Articles of Incorporation of the Association. 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 valid after sixty (60) calendar days from the date of the execution. No proxy shall be voted by anyone except a Member in Good Standing as of the Record Date or a person authorized to vote pursuant to Section 3.08 below. The presence of a Member in Good Standing as of the Record Date at a meeting of the Members shall revoke a proxy theretofore executed by such 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 of the joint Members. The presence of either of the joint Members in Good Standing as of the Record Date 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 furnished by the Association shall be used which identifies the Member by name and account number in order to assure authenticity and facilitate the tabulation of votes. A proxy shall be delivered to one of the Association's offices personally by the Member executing it or delivered to the Association through the United State Post Office. If the proxy form of a Member is lost, stolen, or destroyed, the Association shall furnish the Member with a replacement proxy form upon request, provided that the Member executes a revocation of the lost, stolen or destroyed form, to be witnessed by an employee of the Association. The Board of Directors shall designate, on the proxy form, what person or persons may vote any proxy which otherwise fails to designate a member to vote a proxy. Blank proxy forms will not be distributed in bulk to any Member. Only the proxy form issued by the Association shall be valid.

Section 3.08. Representative Voting. Legal entity organizations and non-legal entity organizations which are Members in Good Standing as of the Record Date may be represented at any meeting of the Members and may vote only as follows: (a) any director, officer or general manager may represent and cast the vote of a corporation; (b) any member, manager or officer may represent and cast the vote of a limited liability company or a professional limited liability company; (c) a trustee, steward, deacon, clerk, pastor, rabbi or other officer may represent and cast the vote of a church or religious organization; (d) a school trustee, principal or superintendent duly authorized in writing may represent and cast the vote of a school or school district; and (e) any other association or organization not a natural person may be represented by and have its vote cast by any person duly

authorized in writing who is a trustee, manager, part owner, or any officer of such association or organization. In the event of any dispute as to what person is authorized to represent any such Member, the Credentials and Elections Committee shall determine who is duly authorized.

Section 3.09. Order of Business. The order of business at the annual meeting 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 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 meeting(s) of the Members and the taking of necessary action thereon.
4. Presentation and consideration of reports of Officers, Directors and committees.
5. Election of Directors.
6. Unfinished 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 consisting of nine (9) persons which shall have all of the rights and powers as set forth in the Electric Power Association Law, *Miss. Code Ann. Sections 77-5-201 et seq.*, as amended (including any future amendments thereto). The Board of Directors shall have the authority to exercise all of the powers of the Association except such as are prohibited by law, or by the Articles of Incorporation of the Association or by these By-Laws specifically conferred upon or reserved to the Members.

Section 4.02. Geographic Representation. Equality of geographic representation of the service area of the Association shall not be required.

Section 4.03. Tenure and Qualifications.

(a) At each annual meeting of the Members, three (3) of the Directors shall be elected by ballot, by and from the Members in Good Standing as of the Record Date, to serve for a term of three (3) years. 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 a 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 in any other proper manner. Drawing by lot shall resolve, where necessary, any tie votes. If an election of Directors shall not be held on the day designated for the annual meeting, a special meeting of the Members may be held for the purpose of electing Directors within a reasonable time thereafter.

(c) No person shall be eligible to become or remain a Director or to hold any position of trust in the Association who is not an active Member in Good Standing, 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) No person shall be eligible to become a Director who has been an employee of the Association until after such person has ceased being an employee of the Association for a period of three (3) years.

(f) No person shall be eligible to become a Director who has previously been removed as a Director or who has resigned as a Director while a proceeding to remove him or her was pending.

(g) In order to be eligible to become or remain a Director of the Association, a person must be a Member in Good Standing as of the Record Date and receiving electric service therefrom or a major owner or officer of any Member in Good Standing as of the Record Date which is not a natural person, such as a corporation, church, partnership, or limited liability company and receiving electric service from the Association. No person who is a "Close Relative" (as defined below) of an employee of the Association or of another Director shall be eligible to become a Director. As used herein, "Close Relative" shall mean a person who is a 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, including through step or adoptive kin.

(h) Upon the establishment that any person being considered for, or already elected, 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 position from such person, or to cause the person to be removed therefrom, as they case may be.

(i) Any Member in Good Standing as of the Record Date and receiving electric service from the Association or a major owner or officer of any Member in Good Standing as of the Record Date which is not a natural person, such as a corporation, church, partnership, or limited liability company and receiving electric service from the Association as of the Record Date who is nominated to serve as a Director of the Association shall be required to submit a Questionnaire and consent to a criminal background check to the Association simultaneously with the filing of a petition as required by Section 4.04 below, and to subsequently submit such additional information and documentation as may be reasonably requested by the Association and/or the Credentials and Elections Committee.

(j) 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; Credentials and Elections Committee.

(a) Any fifteen (15) Members in Good Standing as of the Record Date acting together may make nominations for Directors by petition in writing filed with the Secretary not less than forty-five (45) calendar days before the annual meeting and the Secretary shall post such nominations at the Association's office in Hollandale, Mississippi. Any petition for nomination shall be submitted on a form designed and provided by the Association. Each Member in Good Standing as of the Record Date signing such petition shall place thereon the date of signing, address, account number and service location of such Member. The Secretary shall mail or cause to be mailed 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 so nominated.

(b) It shall the duty of the Board of Directors to appoint, not later than the Record Date a Credentials and Election Committee consisting of not less than five (5) nor more than eleven (11) Members in Good Standing as of the Record Date. No current Association employees, agents, officers, or Directors may serve on such committee.

(c) In the event of the failure of the Board to appoint said Credentials and Election Committee, then in that event the President or Chair of the meeting pursuant to Section 6.05 shall appoint said committee immediately prior to the meeting of the Members. It shall be the responsibility of the Credentials and Election 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, to rule upon the effect of any ballots irregularly marked, and to determine the validity of all proxies. In the exercise of its responsibility,

the Credentials and Election Committee shall have available to it the advice of counsel provided by the Association. In the event a protest or objection is filed concerning any election, such protest or objection must 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 chairman, not less than seven (7) business days after such protest or objection is filed. The Credentials and Election 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 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) business days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Credentials and Election Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

(d) In the event of any meeting of the Members at which Directors shall not be elected, the Board of Directors shall nevertheless appoint a Credentials Committee to be appointed in the same manner as provided herein with full authority to finally pass upon all applicable matters herein provided as well as any other matters or questions which may be referred to it by the Chair of the meeting or the Board of Directors. The President of the Board, or the President's designee, shall preside at and conduct all meetings of the Members with full authority to refer any questions deemed appropriate by the President or designee to the Credentials and Election Committee for decision.

(e) 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 in Good Standing for just cause (as defined below) may bring charges against any officer or Director by filing in writing with the Secretary a petition signed by not fewer than ten percent (10%) of the Members in Good Standing specifying the charges and setting forth specific allegations supporting such charges and requesting the removal of the Director in question. As used herein, "just cause" includes, without limitation: official misconduct or gross negligence while performing his or her official duties and/or conviction of a felony (which conviction has not been appealed or all appeals have been denied). 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 in Good Standing at such meeting. The Director against whom such charges have been brought shall be informed in writing of the charges and allegations 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 against him shall have the same opportunity.

Section 4.06. Vacancies. Subject to the provisions of these By-Laws with respect to the filling of vacancies caused by the removal of Directors by the Members, vacancies occurring in the Board of Directors shall be filled by a person meeting the qualifications set forth above and elected by a majority vote of the remaining Directors, and any Director(s) thus elected shall serve for the unexpired term of the vacancy, in accordance with law or until their successors shall have been elected and qualify. The office of a Director is subject to being declared vacant and subject to being filled pursuant the foregoing provision if a Director is determined by a vote of two-thirds (2/3) of the remaining Directors in office, in their sole discretion, after written notice to such Director, to have become incapable of performing his or her duties as a Director and such incapacity is not likely to cease within a reasonable period of time.

Section 4.07. Compensation, Reimbursement, Employment of Relatives. 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. No Close Relative (as defined above) of any Director shall receive compensation for serving the Association unless such compensation shall be specifically authorized by vote of the Members.

Section 4.08. Area Coverage. The Board of Directors shall make diligent efforts to see that electric service is extended to all unserved persons within the Association service area who (a) desire such service and (b) meet all reasonable requirements established by the Association as a condition of such service.

Section 4.09. Rules, Regulations, Rate Schedules and Contracts. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such policies, rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Associations's Articles of Incorporation or By-Laws (and any amendments to either of them), 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 Board of Directors shall cause to be established and maintained a complete accounting system of the Association's financial operations and condition, and shall, after the close of each fiscal year, cause to be made an independent audit of the Association's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. An accurate summary of such audit report shall be submitted to the Members at or prior to the succeeding annual meeting of the Members. The Board of Directors may authorize special audits, complete or partial, at any time and for any specified period of time.

Section 4.11. Indemnification of Directors and Officers.

(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, 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 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, 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 of the Association prior to the consummation thereof. A Director, Officer or Manager may be indemnified only if (1) he or she conducted himself or herself in good faith, and (2) he or she in good faith believed (i) in the case of conduct in his or her official capacity with the Association that his or her conduct was in the Association's best interests, and (ii) in all other cases, that his or her conduct was at least not opposed to the Association's best interests, and (3) in the case of any criminal proceeding, he or she had no reasonable cause to believe his or her conduct was unlawful. 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; in such event, the Board of Directors of the Association excepting the Director whose conduct is the subject of the claim or liability, shall be the sole judge of the willful misconduct or gross negligence 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 4.12. Standard of Conduct for Directors and Officers. The standards of conduct for Directors and Officers of the Association are hereby conformed to the standards for directors 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 Section, immediately after and at the same place as the annual meeting of the Members. A regular meeting of the Board of Directors shall also be held monthly at such place and time within one of the counties served by the Association as designated by the Board. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 5.02. Attendance by Members at Meetings of the Board of Directors. Except when the Board of Directors is in executive session, Members in Good Standing may attend and 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 Board of Directors, which will include the subject matter to be addressed and provide such information as is necessary to enable the Board of Directors to investigate the matter. The President or acting president of the Board of Directors may limit the format and length of any presentation. The Board of Directors may limit the number of Members in Good Standing permitted to address the Board of Directors on the same or similar subject. The Board of Directors may defer any presentation by a Member to the next scheduled Board of Director's meeting because of the number of Members seeking to address the Board of Directors at the meeting, or because of the length of any address or addresses. A person who is not a Member in Good Standing may not address the Board of Directors unless specifically invited by the Board of Directors or after complying with the provisions set forth above. Executive sessions of the Board of Directors are not open to any Members, and may be held when the Board of Directors conducts any business which

the Board of Directors, in its sole discretion, deems to be of a sensitive or confidential nature.

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 for the holding of any special meeting of the Board of Directors called by them.

(b) Except in case of any emergency or unusual circumstances rendering such action expedient, special meetings of the Board of Directors 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 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 two-thirds (2/3) of 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) calendar days previous thereto, by written notice, delivered personally, electronically, or mailed to each Director at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of the Director at any meeting shall constitute a waiver of notice of such meeting. In case of an emergency confirmed by a quorum of Directors, twenty-four (24) hours notice may be given by telephone, electronically, and/or delivered to the Directors' last known address to convene a special meeting of the Board.

Section 5.05. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board, provided, that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time provided that the Secretary shall notify any absent Director of the time and place of such adjourned meeting. A Director who by law or these By-Laws is disqualified from voting on a particular matter shall not, with respect to consideration of and action of that matter, be counted in determining the number of Directors in office or present. The act of a majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as otherwise provided by the By-Laws.

Section 5.06. Board Action by Written Consent. Without a 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.

ARTICLE VI **OFFICERS**

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

Section 6.02. Election and Term of Office. The officers may be elected annually by 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 thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the Members, or until a successor shall have been duly elected and shall have qualified, subject to the provisions of these By-Laws 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 By-Laws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

Section 6.05. President. The President:

(a) Shall preside at all meetings of the Board of Directors and all meetings of the Members; provided, that the President shall have the authority to appoint any person to serve as chair of any special or regular meeting of the Members, such chair to have all duties and responsibilities of the President of the 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 By-Laws, 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 By-Laws,

and shall serve as ex officio member of all committees except the Committee on Nominations and the Credential and Election Committee; and

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

Section 6.06. Vice-President. In the absence of the President, or in the event of an inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice-President shall also perform such other duties as from time to time may be assigned by the Board of Directors.

Section 6.07. Secretary. The Secretary 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 By-Laws 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 authorized in accordance with the provisions of these By-Laws;

(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 Articles of Incorporation and By-Laws of the Association containing all amendments thereto (which copy shall always be open to the inspection by any Member in Good Standing); 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) 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 By-Laws; 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 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 (1) or more of each such officer's duties to one or more agents, other officers or employees of the Association who are not Directors.

Section 6.10. Manager. The Board shall 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 and shall exercise such authority as the Board may from time to time vest in such manager.

Section 6.11. Bonds of Officers. The Board of Directors shall require the Treasurer or any other officer of the Association charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Association to give bond in such amount and with such surety as it shall determine. The costs of all such bonds shall be paid by the Association.

Section 6.12. Compensation. No Director shall receive compensation for services as officer, agent or employee of the Association, but the Board of Directors may provide for reimbursement of expenses incurred by such person in performing his duties as officer, agent or employee of the Association. The powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Directors.

Section 6.13. Reports. The officers of the Association shall submit at each annual meeting of the Members reports covering the business of the Association 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 By-Laws, 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, bonds, or other evidences of indebtedness issued in the name of the Association shall be signed and countersigned 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 for 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 in accordance with *Miss. Code Ann.* Section 77-5-247, as amended.

ARTICLE VIII **NON-PROFIT OPERATION**

Section 8.01. Appointment of Excess Revenues. Pursuant to *Miss. Code Ann.* § 75-5-235, as amended, the Association's rates shall be sufficient at all times to pay all of its operating and maintenance expenses necessary or desirable for the prudent conduct and operation of its business, and to pay the principal and interest on such obligations as the Association may have issued and/or assumed in the performance of the purpose for which it was organized. Revenues and receipts of the Association 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 improvements, new construction, depreciation and contingencies as the Board of Directors may, from time to time, in its sole discretion and business judgment, prescribe. Revenues and receipts not required for such purposes shall be returned to the Members by such means as the Board of Directors may determine, including but not limited to 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 of Directors may determine.

Section 8.02. Interest or Dividends on Capital Prohibited. The Association shall at all times be operated 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 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. In order to induce patronage and to assure that the Association will operate on a non-profit basis, the Members have vested the Board of Directors, in its discretion and business judgment, the ability to allocate patronage capital to the accounts of its 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 shall be set up and kept in such a manner that at the end of the fiscal year the amount of capital, if any, so furnished by each Member is clearly reflected and credited in an appropriate record to the capital account of each Member. Notwithstanding anything to the contrary, the Board may, after the end of each fiscal

year, beginning after 1993, allocate all amounts received in excess of total operating costs and expenses between or among the various rate classes on a pro-rata basis consistent with the excess revenue received by class over power cost for such class.

(b) 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 needed for that purpose, allocated to its Members on a patronage basis and any amount so allocated shall be included as part of the capital credited to the accounts of the 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 in the event the sale is consummated.

(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 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 Association's Members to whom it has previously been allocated. The Board of Directors may, in its discretion, utilize its business judgment to retire Patronage Capital as allocated on the Association's books so long as such retirement is consistent with sound business and management practices and the financial stability of the Association will not be impaired thereby. If the Board of Directors, in its sole 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 of Directors' business judgment.

(2) When the Board of Directors has determined, pursuant to Subsection (1) above, that Patronage Capital shall be retired, the retirement may be accomplished in the such manner as determined by the Board of Directors, in its sole discretion utilizing business judgment, including by bill credit or by the mailing of payment or notice to payment to the Members' 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 to it by its Members.

(f) In no event may the Board of Directors retire Patronage Capital such that it would cause

the Association to fail to comply with provisions of any of its loan agreements, mortgages, deeds of trust or other security instruments executed by the Association in connection with any of the Association's indebtedness.

(g) The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the account of Members which corresponds to capital credited to the account of the Association by any organization furnishing electricity to the Association. When capital credited to the account of the Association is retired by any organization furnishing electricity to the Association, any funds returned to the Association may be distributed to the Association's Members on a pro-rata basis based upon each Member's patronage during the year(s) when the capital was credited to the account of the Association.

(h) 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 Member's premises served by the Association unless the Board of Directors, in its sole discretion and business judgment, shall determine otherwise.

(i) The Board of Directors, in its sole discretion and business judgment, shall have the power to adopt rules and policies for the retirements of capital credits, including but not limited to, special retirements for former Members and for the estates of deceased Members. Such rules and policies may provide that special retirements of capital credits to estates of deceased Members and former Members who chose the special retirement, may be retired at a discounted rate so long as such retirement does not unreasonably hinder the Association's financial condition.

(j) The Members of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws, and any amendments thereto, shall constitute and be a contract between the Association and each Member and both the Association 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.

(k) 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 judgments in effect when such amount became overdue, compounded annually.

(l) To the extent a Member(s) disagrees with any decision(s) of the Board of Directors with respect to the allocation or retirement of capital credits, the Member shall seek arbitration pursuant to Section 11.06 of Article XI of these By-Laws, but only after such Member(s) has first provided written notice to the Board of Directors at least fifteen (15) calendar days in advance of the next scheduled regular monthly meeting of the Board of Directors, 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 shall 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 during the period of its existence.

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 sole discretion of the Board of Directors, and insofar as permitted by law, be allocated to a capital account annually on a patronage basis, and retired to those Members from whom such amounts were obtained using the procedures set forth in Sections 8.03 and 8.04 above.

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 in Good Standing may be entitled to examination of Association records and information where the Manager and the Association's general counsel, or the Board of Directors agree that the request is made in good faith and for a proper purpose, 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, that the furnishing of information will not be inimical to the Association's best interests, and that the release of such information will not subject the Association to litigation or affect 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 completes and signs an information request form and agrees in writing to pay the reasonable cost of furnishing such information.

(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 general counsel. If both conclude that:

(1) the request is made in good faith, is for a proper purpose, and is not unduly onerous or harassing to the Association;

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

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 affect the privacy of any person.

then a time and manner will be provided for making such information available during normal business hours. If either or both disagree to the applicability of any of the foregoing factors, the matter will be referred to the Board of Directors for decision based upon these 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 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 in Good Standing (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 in Good Standing 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 this sub-section 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 judgment of the Board of Directors, is neither necessary nor useful in operating and maintaining the Association's system and 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. The Board of Directors, without authorization by the Members, shall have full power and authority upon the affirmative vote of two-thirds (2/3) of the Directors constituting the full Board of Directors to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Association, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors, upon the affirmative vote of two-thirds (2/3) of the Directors constituting the full Board of Directors, shall determine to secure any indebtedness of the Association to the United States of America or any instrumentality or agency thereof, or to a national financing institution organized on a cooperative basis for the purpose of financing the Association's programs, projects and undertakings, in which the Association holds membership.

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 in Good Standing as of the Record Date.

(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 (and any amendments thereto). 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 (12) 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 *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 and to any generation and transmission association of which Association is a member. The notification of the offer to purchase must contain all of the information provided to the Association, its management and the Board of Directors, or which is filed with the Mississippi Public Service Commission.

(2) The disclosure required by *Miss. Code Ann. Section 77-5-237*, as amended, and any additional disclosure required by these By-Laws 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 By-Laws.

(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 and expenses, 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 *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 property of the Association;

- (2) Termination of employment of persons employed by the Association;
- (3) Changes in benefit of employees at 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 the 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 Members of the proposed purchase shall include any 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 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 provisions of *Miss. Code Ann.* Section 77-5-237, as amended, and the provisions of these By-Laws shall be void. Any Purchaser or Affiliate of a Purchaser which in providing the disclosure required by Section 10.03, 10.04 and 10.05, or in any other communication with the Members of the 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.

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 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 five (5) members of the Board of Directors may determine shall be to 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 non-profit basis for the purpose of engaging in rural electrification, industrial or economic development, or other non-profit endeavors.

Section 11.02. Waiver of Notice. Any Member or Director may waive, in writing, any notice required to be given by these By-Laws, 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 joint Member 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 By-Laws may be altered, amended or repealed by the affirmative vote of not less than two-thirds (2/3) of all the Directors. This may be done at any regular meeting or special meeting, provided the notice of such meeting shall have contained a copy of the proposed alteration, amendment or repeal.

Section 11.06. ALTERNATIVE DISPUTE RESOLUTION. UNLESS OTHERWISE PROHIBITED BY LAW, ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATED TO THESE BY-LAWS, OR THE BREACH THEREOF, INCLUDING ANY CLAIM OR CONTROVERSY RELATING TO BOARD GOVERNANCE, OR ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATED TO PATRONAGE CAPITAL OR MISSISSIPPI CODE SECTION 77-5-235 (AS AMENDED OR ANY FUTURE AMENDMENT), SHALL BE FINALLY RESOLVED BY BINDING ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS ARBITRATION RULES AFTER ALL CONDITIONS PRECEDENT AS SET FORTH IN THESE BY-LAWS HAVE BEEN SATISFIED. THE SUBJECT MATTER OF THIS ARBITRATION PROVISION INVOLVES INTERSTATE COMMERCE SUCH THAT THE FEDERAL ARBITRATION ACT (9 U.S.C. § 1 ET. SEQ. AS AMENDED) SHALL GOVERN THE INTERPRETATION AND ENFORCEMENT OF THIS ARBITRATION PROVISION. THE ARBITRATION SHALL BE HELD IN THE STATE OF MISSISSIPPI AT A LOCATION DESIGNATED BY THE PARTY NOT MAKING THE INITIAL DEMAND FOR ARBITRATION. A JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR MAY BE ENTERED IN ANY COURT

HAVING JURISDICTION THEREOF. EACH PARTY AGREES TO PAY THEIR OWN ATTORNEYS' FEES AND EXPENSES AND COSTS, AND EACH PARTY AGREES TO SHARE EQUALLY THE COST OF THE ARBITRATOR AND ARBITRATION.

THE MEMBERS ALSO AGREE TO (I) WAIVE ANY RIGHT TO PURSUE A CLASS ACTION ARBITRATION, OR (II) HAVE AN ARBITRATION UNDER THIS ARBITRATION PROVISION CONSOLIDATED OR DETERMINED AS PART OF ANY OTHER ARBITRATION PROCEEDING. THE PARTIES AGREE THAT ANY DISPUTE TO ARBITRATE MUST BE BROUGHT IN AN INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER OF ANY PURPORTED CLASS OR REPRESENTATIVE CAPACITY. IF ANY PART OF THIS ARBITRATION PROVISION, OTHER THAN WAIVERS OF CLASS ACTION RIGHTS, IS FOUND TO BE UNENFORCEABLE FOR ANY REASON, THE REMAINING PROVISION SHALL REMAIN ENFORCEABLE. IF THE WAIVER OF CLASS ACTION AND CONSOLIDATION RIGHTS IS FOUND UNENFORCEABLE IN ANY ACTION IN WHICH CLASS ACTION REMEDIES HAVE BEEN SOUGHT, THIS ENTIRE ARBITRATION PROVISION SHALL BE DEEMED UNENFORCEABLE. IT IS THE INTENTION AND THE 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 ASSOCIATION AT P.O. BOX 158, HOLLANDALE, MS 38748, A NOTICE ("REJECTION NOTICE") WITHIN SIXTY (60) CALENDAR DAYS OF THE DATE OF THE BOARD MEETING WHERE THIS PROVISION PERMITTING A REJECTION NOTICE WAS ADDED TO THE BY-LAWS. ANY MEMBER'S REJECTION NOTICE MUST INCLUDE SUCH MEMBER'S FULL NAME, CURRENT ADDRESS, CURRENT TELEPHONE NUMBER, AND ACCOUNT NUMBER(S), AND BE SIGNED BY SUCH MEMBER. THE REJECTION NOTICE MUST BE MAILED WITH RETURN RECEIPT REQUESTED TO THE ADDRESS SET FORTH ABOVE TO THE ATTENTION OF THE GENERAL MANAGER. 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 ASSOCIATION'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 PROVISION IS DEEMED UNENFORCEABLE AND THE PARTIES OTHERWISE LITIGATE A DISPUTE IN COURT, THE PARTIES AGREE TO

WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY PROCEEDING BROUGHT IN COURT.

Section 11.07. Robert's Rules of Order. Parliamentary procedure shall be governed by the most recent edition of Robert's Rules of Order at all 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 Articles of Incorporation or these By-Laws.

Section 11.08. Partial Invalidity. Except as otherwise provided for herein, in the event any provision of these By-Laws shall be determined to be invalid, unlawful or unenforceable, then the remainder of these By-Laws shall not be affected and shall continue to be enforceable to the fullest extent permitted by law.