



Bylaws

INDEX OF ARTICLES

ARTICLE I - MEMBERS

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

ARTICLE II - MEMBERSHIP SUSPENSION AND TERMINATION

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

ARTICLE III - MEETINGS OF MEMBERS

| | |
|--------------------------------------------|----|
| Section 3.01 - Annual Meeting | 7 |
| Section 3.02 - Special Meetings | 8 |
| Section 3.03 - Notice of Members' Meetings | 8 |
| Section 3.04 - Quorum | 8 |
| Section 3.05 - Voting | 9 |
| Section 3.06 - Proxies | 9 |
| Section 3.07 - Representative Voting | 10 |
| Section 3.08 - Order of Business | 10 |

ARTICLE IV - DIRECTORS

| | |
|--------------------------------------------------------------|----|
| Section 4.01 - General Powers | 11 |
| Section 4.02 - Geographic Representation | 11 |
| Section 4.03 - Tenure and Qualifications | 11 |
| Section 4.04 - Nomination Process; Credentials and Elections | 13 |
| Section 4.05 - Removal of Directors and Officers | 14 |
| Section 4.06 - Vacancies | 15 |

| ARTICLE IV - DIRECTORS CONT... | PAGE |
|-----------------------------------------------------------------------------------|-------------|
| Section 4.07 - Compensation, Reimbursement, Employment of Relatives | 15 |
| Section 4.08 - "Close Relative" Defined | 16 |
| Section 4.09 - Rules and Regulations | 16 |
| Section 4.10 - Accounting Systems and Reports | 16 |
| Section 4.11 - Change in Rates | 16 |
| Section 4.12 - Indemnification and Liability Insurance | 16 |
| ARTICLE V - MEETINGS OF DIRECTORS | |
| Section 5.01 - Regular Meetings | 18 |
| Section 5.02 - Attendance by Members at Meetings of the Board of Directors | 18 |
| Section 5.03 - Special Meetings | 20 |
| Section 5.04 - Notice | 20 |
| Section 5.05 - Quorum | 20 |
| ARTICLE VI - OFFICERS | |
| Section 6.01 - Number | 21 |
| Section 6.02 - Election and Term of Office | 21 |
| Section 6.03 - Removal | 21 |
| Section 6.04 - Vacancies | 21 |
| Section 6.05 - President | 21 |
| Section 6.06 - Vice President | 22 |
| Section 6.07 - Secretary | 22 |
| Section 6.08 - Treasurer | 22 |
| Section 6.09 - Delegation of Secretary's and Treasurer's Responsibilities | 22 |
| Section 6.10 - General Manager | 23 |
| Section 6.11 - Bonds of Officers | 23 |
| Section 6.12 - Compensation | 23 |
| Section 6.13 - Reports | 23 |
| ARTICLE VII - CONTRACTS, CHECKS AND DEPOSITS | |
| Section 7.01 - Contracts | 23 |
| Section 7.02 - Checks, Drafts, Etc. | 23 |
| Section 7.03 - Deposits | 24 |
| Section 7.04 - Establishing Funds | 24 |
| ARTICLE VIII - NON-PROFIT OPERATION | |
| Section 8.01 - Interest or Dividends on Capital | 24 |
| Section 8.02 - Patronage Capital in Connection with Furnishing Electric Energy | 24 |

ARTICLE VIII - NON-PROFIT OPERATION CONT...

| | |
|----------------------------------------------------------------------------------|----|
| Section 8.03 - Dissolution or Liquidation | 25 |
| Section 8.04 - Patronage Refunds in Connection with Furnishing Other Services | 26 |

ARTICLE IX - ACCESS TO ASSOCIATION RECORDS

| | |
|--------------------------------------------|----|
| Section 9.01 - Access to Corporate Records | 26 |
|--------------------------------------------|----|

**ARTICLE X - SALE OR LEASE OF ASSETS OF THE
ASSOCIATION**

| | |
|--------------------------------------------------|----|
| Section 10.01 - Vote of the Members Not Required | 27 |
| Section 10.02 - Vote Required | 27 |
| Section 10.03 - Procedural Requirements | 27 |
| Section 10.04 - Required Disclosure | 28 |
| Section 10.05 - Competing Bid Disclosure | 29 |
| Section 10.06 - Effect of Noncompliance | 29 |
| Section 10.07 - Non-application to Consolidation | 29 |
| Section 10.08 - Severability | 29 |

ARTICLE XI - MISCELLANEOUS

| | |
|---------------------------------------------------|----|
| Section 11.01 - Membership in Other Organizations | 30 |
| Section 11.02 - Waiver of Notice | 30 |
| Section 11.03 - Fiscal Year | 30 |
| Section 11.04 - Seal | 30 |
| Section 11.05 - Amendments | 30 |
| Section 11.06 - Robert's Rules of Order | 31 |

BYLAWS

ARTICLE I

MEMBERS

Section 1.01. Qualifications, Applications and Obligations

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

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

(b) All applications received more than ninety (90) days prior to an annual membership meeting and which have not been accepted by the Board of Directors at least ten (10) days prior to the meeting shall be submitted by the Board of Directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (1), (2), (3) and (4) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days notice of the date of the members' meeting to which his application will be submitted and such applicant may be present and heard at the meeting. No person, firm, corporation or body politic may own more than one (1) membership in the Association.

(c) With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefor by the Association. The membership application shall be accompanied by any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Association, which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction if any) shall be refunded in the event the application is not approved. Any former member of the Association may, by the sole act of paying a new membership fee and any outstanding account balance (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Association), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

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

Section 1.02. Joint Membership

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

- (a) the execution by either or both of a proxy shall constitute one joint proxy;
- (b) the presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting and a revocation of any proxy executed by either, or both pursuant to Section 3.06 of these bylaws;
- (c) the vote of either or both shall constitute, respectively, one joint vote;
- (d) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver of notice;
- (e) suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership except as provided by Section 2.06;
- (f) either, but not both concurrently, shall be eligible to serve as a Director of the Association, but only if both meet the qualifications required therefor.

Section 1.03. Purchase of Electric Energy

Each member shall, as soon as electric energy is made available, purchase from the Association 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. It is expressly understood that amounts paid for electric energy in excess of the

operating costs and expenses of providing service are furnished by members as capital, and each member may be credited with the capital so furnished as provided in these bylaws.

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

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

- (a) The account(s) 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 Public Service Commission, any delinquent account(s) 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.

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

Section 1.04. Power Production by Member

Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with the Association 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 South Mississippi Electric Power Association is a prerequisite before any interconnection with the Association facilities may be allowed.

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

Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the National Electric Code, the National Electric Safety Code, any applicable state code or local government ordinances, and of the Association, it being understood and agreed that the connection by the Association to the members' premises shall not in any way or manner constitute the Association's approval of the member's wiring or the safety or adequacy of the same. Each member shall be responsible for and shall indemnify the Association and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring apparatuses

connected thereto or used thereon. Each member shall make available to the Association a suitable site, as determined by the Association, whereon to place the Association's physical facilities for the furnishing and metering of electric service and shall permit the Association's authorized employees, agents and independent contractors to have access thereto for meter reading and for inspection, operation, maintenance, replacement, relocation or repair of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Association's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use his best efforts to prevent others from doing so. Each member shall also provide such protective devices on his 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 or damage 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. The Association shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Association's billing procedures. In no event shall the responsibility of the Association extend beyond the point of delivery.

Section 1.06. Member to Grant Easements

Each member if legally able shall, upon being requested to do so by the Association, execute and deliver to the Association grants of 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 to him or other members or for the construction, extension, improvement, operation, maintenance or relocation of the Association's electric facilities.

Section 1.07. Non-Liability for Debts of the Association

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

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01. Suspension; Reinstatement

Upon the failure, after the expiration of the initial time limit prescribed in a specific written notice to a member to pay any amounts due the Association, a person's membership shall automatically be suspended; and such person shall not during such suspension be entitled to receive electric service from the Association or to cast a vote at any meeting of the members. For any other noncompliance with membership obligations, the Board of Directors may suspend such member five (5) days after notice of such noncompliance is given. Payment of all amounts due the Association, including any additional charges required for service reinstatement, and/or cessation of any other noncompliance with his membership obligations within a final time limit provided in such notice or rules and regulations shall automatically reinstate the membership in which event the member shall thereafter be entitled to receive electric service from the Association and to vote at the meeting of its members.

Section 2.02. Termination by Expulsion; Renewed Membership

Upon failure of a suspended member to be automatically reinstated to membership as provided in Section 2.01, the member may, without further notice, but only after due hearing if such is requested by the member, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Association at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which the latter event such person's membership shall be reinstated retroactively to the date of expulsion. After any finally effective expulsion of a member, such person may not again become a member except upon new application therefor duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his 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 human 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 for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same effect as though such membership had never been different partners; PROVIDED FURTHER, that neither a withdrawing partner nor its estate shall be released from any debts then due the Association.

Section 2.05. Effect of Termination

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

Section 2.06. Effect of Death, Legal Separation or Divorce Upon a Joint Membership

Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Association. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues to directly occupy or own the premises covered by such membership in the same manner and to the same effect as though such membership had never been

joint; PROVIDED, that the other spouse shall not be released from any debts due the Association.

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

Upon the termination of a person's membership for any reason, the Board of Directors as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the 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 service to patrons not members of the Association, the Association may continue furnishing such preexisting service without requiring such patrons to become members if to do otherwise would create hardship; but, in no event shall such non-member patron revenue exceed fifteen percent (15%) of the total revenue received by the Association.

ARTICLE III

MEETINGS OF MEMBERS

Section 3.01. Annual Meeting

For the purposes of electing Directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held in June each year, at such place in one of the counties of Mississippi within which the Association serves, and beginning at such hour, as the Board of Directors shall from year to year fix; PROVIDED, that, for cause sufficient, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the month otherwise established for such meeting in this Section. 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 to make adequate plans and preparation for the annual meeting, and to encourage attendance by the membership at these meetings.

Section 3.02. Special Meetings

Special meetings of the members may be called by at least a majority of Directors or upon written request signed by at least ten percent (10%) of the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the service area of the Association, in the State of Mississippi, specified in the notice of the special meeting.

Section 3.03. Notice of Members' Meetings

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

Section 3.04. Quorum

Ten percent (10%) of the members shall constitute a quorum at a meeting of members. This number shall be arrived at by adding the number of members present at the meeting, the number of members represented at that meeting by valid proxies filed as provided by these bylaws and the number of ballots received from members online. If less than a quorum is present at any meeting of members, the officer of the Association who is presiding at the meeting may without a motion declare the meeting adjourned and closed or he may hold the meeting open for a reasonable period of time 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. The members present at a meeting at which a quorum is not present shall not have the power to take any kind of action, including, but not by way of limitations, adjourning said meeting to another time or place. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who registered as present in person.

Section 3.05. Voting

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

Section 3.06. Proxies

At all meetings of the members, a member may vote by proxy executed in writing by the member, subject to the provisions hereinafter set forth, provided, however, any person holding and intending to vote a proxy must file the executed proxy at the Association's headquarters, not less than four (4) days prior to the meeting. The proxy must have entered thereon the account [member] number of the member appointed to vote the proxy. If one person shall receive electric service through two (2) or more meters at different premises, he shall be entitled to not more than one (1) vote at any meeting of the members, in accordance with the Certificate of Incorporation of the 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 member shall vote as proxy for more than two-hundred (200) members at any meeting of the members. However, the Board of Directors as a whole shall vote the proxies assigned to them according to the will of a majority of the members of the Board of Directors. The presence of a member at a meeting of the members shall rescind a proxy theretofore executed by that member, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the proxy had not been executed. In case of a joint membership, a proxy may be executed either by the husband or wife. The presence of either husband or wife at a meeting of the members shall rescind a proxy theretofore executed by either of them

and such joint member or members shall be entitled to vote at such meeting in the same manner and with the same effect as if a proxy had not been executed. A standard proxy form shall be used which identifies the member by name and account [member] number, in order to assure authenticity and facilitate the tabulation of votes. Blank proxy forms will not be distributed in bulk to any member. Only the proxy form issued by the Association shall be valid.

Section 3.07. Representative Voting

Legal entity organizations and nonlegal entity organizations which are members of the Association may be represented at any meeting of the members and may vote only as follows:

- (a) Any director, officer or general manager duly authorized in writing may represent and cast the vote of a corporation;
- (b) A trustee, steward, deacon, clerk or pastor duly authorized in writing may represent and cast the vote of a church;
- (c) A school trustee, principal or superintendent duly authorized in writing may represent and cast the vote of a school; and
- (d) Any other association or organization not a legal entity may be represented by and have its vote cast by any person duly authorized in writing who is a trustee, or manager or part owner, or any officer of such association or organization.

Section 3.08. Order of Business

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

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

ARTICLE IV

DIRECTORS

Section 4.01. General Powers

The business and affairs of the Association shall be managed by a Board of Directors which shall exercise all of the powers of the Association except such as are by law, or by the Certificate of Incorporation of the Association, or by these bylaws conferred upon or reserved to the members.

Section 4.02. Geographic Representation

(a) In order to assure equal representation of the geographical areas of the Association on the Board of Directors of the Association, three (3) of the Directors of the Association shall be residents of Greene, Perry or Wayne counties in Mississippi or Washington County in Alabama; three (3) of the Directors of the Association shall be residents of George or Stone counties in Mississippi or Mobile County in Alabama; and three (3) of the Directors of the Association shall be residents of Jackson or Harrison counties in Mississippi.

(b) The Directors of the Association shall be elected and hold office by Posts Numbered 1, 2 and 3. One (1) Director from Greene, Perry or Wayne counties in Mississippi or Washington County in Alabama; one (1) Director from George or Stone counties in Mississippi or Mobile County in Alabama; and one (1) Director from Jackson or Harrison counties in Mississippi, shall be elected to Post No. 1; one (1) Director from Greene, Perry or Wayne counties in Mississippi or Washington County in Alabama; one (1) Director from George or Stone counties in Mississippi or Mobile County in Alabama; and one (1) Director from Jackson or Harrison counties in Mississippi, shall be elected to Post No. 2; and one (1) Director from Greene, Perry or Wayne counties in Mississippi or Washington County in Alabama; one (1) Director from George or Stone counties in Mississippi or Mobile County in Alabama; and one (1) Director from Jackson or Harrison counties in Mississippi, shall be elected to Post No. 3.

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

Section 4.03. Tenure and Qualifications

(a) At each annual meeting of the members, one-third (1/3) of the total number of Directors shall be elected by ballot, by and from the members, to serve for a term of three (3) years as provided by law. If the election of Directors shall not be held at the annual meeting or if such annual meeting is not held, each Director shall hold office until his successor has been elected and qualified.

(b) At any meeting, ballots shall not be necessary in the event the number of persons nominated for Directors does not exceed the number of Directors to be elected, but in such case if there be no objection, the Directors may be elected in other proper manners. 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 or non-natural person as described in subsection (e) of this section shall be eligible to become or remain a Director or to hold any position of trust in the Association who is not an active member in good standing of the Association, not a bona fide resident of the district county from which he is to be elected, or who is in any way employed by or financially interested in a competing enterprise.

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

(e) In order to be eligible to become a Director of the Association, a person must be a member of the Association and have received service therefrom at his primary residential abode for 12 consecutive months prior to the nomination, not be an employee of the Association or be receiving benefits or other compensation from the Association or its insurance carriers, or be eligible to receive benefits or other compensation from the Association (other than as a Director), complete and return to the Association a Director Candidate Form during the Director qualification period, and not be a close relative as defined in Section 4.08 of an incumbent Director, or the Director being replaced. However, the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or its designees, shall, notwithstanding that he does not receive service from the Association at his primary residential abode, be eligible to become a Director, from the Directorate District [county] in which such member is located, if he or such designee

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

(2) is a permanent and year-round resident within or in close proximity to an area served by the Association; but provided further, that no more than one

(1) such person may serve on the Board of Directors at the same time.

When a membership is held jointly by husband and wife, either one but not both may be elected a Director; PROVIDED, however that neither one shall be eligible to become or remain a Director nor to hold a position of trust in the Association unless both shall meet the qualifications hereinabove set forth.

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

(g) Upon establishment of the fact that a nominee for Director lacks eligibility under this Section or as may be provided elsewhere in these bylaws, it shall be the

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

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

Section 4.04. Nomination Process; Credentials and Elections

(a) Nominations by Petition. Any twenty-five (25) members acting together may nominate a candidate for Director by submitting a petition for nomination between February 1 and 5 p.m. on the last business day in March of that year. A Director Candidate Form must be completed and returned to the Association during the Director qualification period. Any petition for nomination shall contain the name and address of the nominee and be submitted on a form designated and provided by the Association. Each member signing such petition should place thereon the date of signing, address, account number and service location of the member. For a nomination by petition to be placed on the notice of the members' meeting, it must be received at the Association's headquarters no later than 5 p.m. on the last business day in March of that year. The Secretary must mail with the notice of the meeting or separately a statement of the number of Board members to be elected and the names of the candidates nominated by petition.

(b) Credentials and Election Committee. In order to carry out its duty to approve eligibility for membership on the Board of Directors, and to review the Director election process, the Board of Directors may appoint a committee on credentials and elections consisting of not less than three (3) nor more than nine (9) members who shall be selected from different sections so as to ensure equitable geographic representation. No existing Association employees, agents, officers, Directors or known candidates for Director, and close relatives (as hereinafter defined) or members of the same household of existing Association employees, agents, officers, Directors or known candidates for Director may serve on such committee. It is the responsibility of the Board of Directors to appoint the chairman of the credentials committee. The committee shall meet at a time and place set by the Board of Directors. In the event of the failure of the Board to appoint said Credentials and Election Committee, then in that event the President or Chair of the meeting pursuant to Section 6.05 (a) may appoint said committee during the forpart of the members meeting, or at such other appropriate time. It may be

the responsibility of the committee to pass upon all questions that may arise with respect to the registration and qualifications of members in person, online or by proxy, the regularity of all Petitions for Nominations of Directors, the qualifications of all nominees for Directors, to supervise the counting of all ballots cast in any election or other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. In the exercise of its responsibility, the Credentials and Election Committee shall have available to it the advice of counsel provided by the Association. In the event a protest or objection is filed concerning any election, such protest or objection must be filed in writing delivered to the Chair during the meeting, or in writing, at the Association's headquarters, within three (3) business days following the adjourning of, the meeting in which the voting is conducted. The Credentials and Election Committee may in person or by telephone, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The Committee shall consider such evidence as may be presented by the protester(s) or objector(s), who may be heard in person, by counsel, or both, or through the written protest, together with any opposing evidence; and the Credentials and Election Committee, by a vote of a majority of those present and voting, shall, within a reasonable time, but not later than thirty (30) 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. Upon any procedural irregularity, the Board of Directors may request reconsideration of any issue. Otherwise, the Credentials and Election Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

(c) In the event of any meeting of the members at which Directors shall not be elected, the Board of Directors may appoint a Credentials Committee to be appointed in the same manner as provided herein for the Credentials and Election Committee, or may allow the chairman of the meeting to rule on any issues that may arise, or may decide such issues by majority vote of the Board of Directors. The President of the Board, or his designee, shall preside at and conduct all meetings of the members with full authority to refer any questions to the aforesaid Committee for decision which he shall deem appropriate.

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

Section 4.05. Removal of Directors and Officers

Any member for just cause may bring charges against an officer or Director by filing them with the Secretary, together with a petition signed by ten percent (10%) of the members, requesting the removal of the officer or Director in question. "Just cause" includes but is not limited to: official misconduct, gross negligence and/or final convictions of a felony or misdemeanor involving moral turpitude while in the performance of official duties. The removal shall be voted upon

at the next regular or special meeting of the members. The Director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges shall have the same opportunity.

Section 4.06. Vacancies

Subject to the provisions of these bylaws with respect to the removal of Directors, vacancies occurring in the Board of Directors shall be filled by a person meeting the qualifications of Section 4.03, and elected by a majority vote of the remaining Directors, and the Directors thus elected shall serve the unexpired terms of the Directors so replaced and until their successors shall have been elected and shall have qualified. Should this vacancy occur with less than 12 months left in the term, the remaining Directors may elect to either fill the vacancy or leave the Director position vacant until the next scheduled election. If the position is left vacant, the procedure to nominate a Director which is addressed in Article IV shall be followed to fill the vacancy. The office of a Director shall become vacant, and subject to being filled pursuant to this Section if

- (a) the Director shall have failed to attend as many as three consecutive meetings of the Board, whether special or regular, and at least two-thirds (2/3) of the remaining Directors in office do not determine, in their sole judgment, that such failure did not occur for justifiable cause and will not recur; or
- (b) the Director, as determined in their sole judgment by at least two-thirds (2/3) of the remaining Directors in office, has become incapable of performing the duties of a Director and such incapability is not likely to cease within a reasonable time; or,
- (c) such Director is no longer a bona fide resident of the District [area] such Director was elected to represent, and the Board finds such change of residence is permanent.

Section 4.07. Compensation, Reimbursement, Employment of Relatives

- (a) Directors shall be entitled to 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.

(b) No close relative of any Director shall receive compensation for serving the Association unless the relative (1) has been in the regular employ of the Association for at least ninety (90) days immediately preceding the time the Director to whom they are related became a Director; or (2) performs services certified by the Board as an emergency measure, or (3) receives compensation by authorization of the membership.

Section 4.08. "Close Relative" Defined

As used in these bylaws, "close relative" means a person who by blood or in-law, including step and adoptive kin, is a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

Section 4.09. Rules and Regulations

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

Section 4.10. Accounting Systems and Reports

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

Section 4.11. Change in Rates

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America and the Governor of the National Rural Utilities Cooperative Finance Corporation prior to the date upon which any proposed change in the rate charged by the Association for electric energy becomes effective; further, the Public Service Commission of the State of Mississippi shall be given ample and lawful notice of any proposed change in the rates charged by the Association for electric energy according to the rules of the Public Service Commission or requirements of the Public Service Commission.

Section 4.12. Indemnification and Liability Insurance

(a) On the terms and conditions hereinafter stated, the Association or its insurer shall indemnify any Director, officer or employee of the Association, including any

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

- (1) the action complained of was undertaken in good faith; and
- (2) it was in good faith believed that:
 - (A) actions taken in any official capacity of the Association were in its best interests;
 - (B) conduct in any other capacity was at least not opposed to the Association's best interests; and
 - (C) in the case of any criminal proceeding, there was no reasonable cause to believe the conduct was unlawful.

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

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

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

- (1) the individual furnishes the Association a written statement of his good faith belief that he has met the standard of conduct described in Section 4.12 (a) above;
- (2) the written statement reflects an agreement by the individual to repay the advance if it is ultimately determined that he did not meet the standard of conduct; and
- (3) a determination is made that the facts then known to those making the determination would not preclude indemnification.

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

(d) There shall be no indemnification of any Director, officer or employee of the Association if the Board affirmatively finds that they did not meet the standard of conduct outlined in Section 4.12 (a) above. In making such a determination, the Board must affirmatively state that sufficient facts exist to support a finding of non-compliance with the above described standard of conduct. Such an affirmative statement must be made by a majority of Board members who are not the object of the action, suit, proceeding or investigation. Should the entire Board be made the object of such action, suit, proceeding or investigation, then there shall be appointed by the Board of Directors of the Association a special counsel to investigate the matter and make a recommendation to the board.

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

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

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

ARTICLE V

MEETINGS OF DIRECTORS

Section 5.01. Regular Meetings

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

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

(a) Regular meetings of the Board of Directors shall be open to the members of the Association unless the Board goes into executive session. Meetings of the Board of Directors shall not be open to nonmembers except upon express invita-

tion of the Board. Executive sessions which are not open to members may be held when the Board of Directors discusses any of the following:

- (1) Transaction of business and discussion of personnel matters concerning the character, professional competence, or physical or mental health of a person;
- (2) Strategy sessions or negotiations with respect to prospective litigation, litigation, or issuance of an appealable order when an open meeting would have a detrimental effect on the litigating position of the Association;
- (3) Transaction of business and discussion regarding the report, development, or course of action regarding security personnel, plans or devices;
- (4) Investigative proceedings regarding allegations of misconduct or violation of law;
- (5) Cases of extraordinary emergency which would pose immediate or irrevocable harm or damage to persons and/or property;
- (6) Transaction of business and discussion regarding the prospective purchase, sale or leasing of lands or the negotiations for or acquiring of easements or rights-of-way;
- (7) Transaction of and/or discussion of negotiations regarding the location, relocation, or expansion of Association facilities;
- (8) Transaction of business and discussion of terms of employment or termination of employees;
- (9) Discussion of such matters as would be recognized by the courts as legally privileged;
- (10) Any other business which the Board in its discretion deems to be of a sensitive nature.

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

Section 5.03. Special Meetings

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

(b) In case of any emergency or unusual circumstances rendering such action expedient, special meetings shall be held in any part of the territory served by the 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 may be held via telephone conference call, without regard to the actual location of the Directors at the time of such telephone conference meeting, if all the Directors consent thereto.

Section 5.04. Notice

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given by or at the direction of the Secretary, or upon a default in this duty by the Secretary, by those Directors calling a special meeting or by any Director in the case of a meeting whose date, time and place have already been fixed by Board resolution, at least five (5) days previous thereto, by written notice, delivered personally or mailed to each Director at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of the Director at any meeting shall constitute a waiver of notice of such meeting, except when a Director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or convened. In case of an emergency confirmed by a quorum of Directors, twenty-four (24) hours notice may be given by telephone and/or delivered to the Directors' last known address to convene a special meeting of the Board.

Section 5.05. Quorum

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

ARTICLE VI

OFFICERS

Section 6.01. Number

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

Section 6.03. Removal

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

Section 6.04. Vacancies

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

Section 6.05. President

The President:

- (a) shall preside at all meetings of the Board of Directors and all meetings of the members; provided, that the President shall have the authority to 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 of thereof shall be expressly delegated to some other officer or agent of the Association by the Board of Directors or by these bylaws, or shall be required by law to be otherwise signed or executed;

- (c) shall appoint all committees of the Board of Directors and of the Association, both standing committees and temporary committees, except where otherwise provided by these bylaws, and shall serve as ex officio member of all committees except the Committee on Nominations, the Credentials and Election Committee; and
- (d) in general shall perform all duties incident to the office of President and other such duties as may be prescribed by the Board of Directors from time to time.

Section 6.06. Vice President

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

Section 6.07. Secretary

The Secretary:

- (a) shall keep the minutes of the meeting of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these by-laws or as required by law;
- (c) be custodian of the corporate records;
- (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 bylaws of the Association containing all amendments thereto (which copy shall always be open to the inspection of any member); and
- (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned by the Board of Directors.

Section 6.08. Treasurer

The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Association;
- (b) the receipt of and the issuance of all receipts for all monies in the name of the Association in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned by the Board.

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 or more of each such officers' such duties to one or more agents, other officers or employees of the Association who are not directors.

Section 6.10. General Manager

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

Section 6.11. Bonds of Officers

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

Section 6.12. Compensation

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

Section 6.13. Reports

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

ARTICLE VII

CONTRACTS, CHECKS AND DEPOSITS

Section 7.01. Contracts

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

Section 7.02. Checks, Drafts, Etc.

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

Section 7.03. Deposits

All funds of the Association except petty cash shall be deposited or invested from time to time to the credit of the Association in such bank or banks or in such financial securities or institutions as the Board of Directors may select, not inconsistent with Miss. Code Ann. Section 75-5-247.

Section 7.04. Establishing Funds

Subject to the provisions of any mortgage or deed of trust given or assumed by the Association, the Board of Directors may utilize sufficient of the revenues and receipts of the Association to establish and maintain such general, operating and reserve funds as the Board of Directors shall determine to be proper for efficient management and operation.

ARTICLE VIII**NON-PROFIT OPERATION****Section 8.01. Interest or Dividends on Capital Prohibited**

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

Section 8.02. 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 patrons 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 Association is obligated to account on a patronage basis to all its patrons 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 patrons as capital. The Association is obligated to pay by credits to a capital account for each patron 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 the patron is clearly reflected and credited in the appropriate records to the capital account of each patron. The Association shall maintain such books and records as will enable it at

any time to compute, upon reasonable notice, the amount of capital contributed during any given period by each of its members and non-members.

(b) All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuant of a legal obligation to do so and the patron had then furnished the Association corresponding amounts for capital.

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

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

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

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

(e) If, at any time prior to dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Association will not be impaired thereby, the capital then credited to the patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

(f) 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 patrons which corresponds to capital credited to the account of the Association by an organization furnishing electric service to the Association. When capital credited to the account of the Association is retired by an organization furnishing electric service to the Association, any funds returned to the Association may be distributed to the membership on a pro rata basis based on the patronage during the years when the capital was credited to the account of the Association.

(g) Capital credited to the account of each patron 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 patrons' premises served by the Association unless the Board of Directors, acting under policies of general application shall determine otherwise.

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

Section 8.03. Dissolution or Liquidation

(a) In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, any outstanding capital

credits shall be retired without priority on a pro rata basis before any payments are made on account or property rights of members.

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

Section 8.04. 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 shall, insofar as permitted by law, be pro-rated annually on a patronage basis and returned to those patrons, from whom such amounts were obtained.

ARTICLE IX

ACCESS TO ASSOCIATION RECORDS

Section 9.01. Access to Corporate Records

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

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

- (a) No requests for information shall be considered until the requesting member fills out and executes a Member Information Request Form.
- (b) The request form as executed will be reviewed as soon as possible by the General Manager who, before acting, shall consult with the Association's general counsel. If both conclude that:
 - (1) the request is in good faith,
 - (2) the information requested and the purpose for which it is requested are materially germane to the requesting member's status and interest as 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 invade the privacy of any person, then a time and manner will be provided for making such information available during normal business hours.

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

ARTICLE X

SALE OR LEASE OF ASSETS OF THE 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 real property which, in the judgment of the Board, is neither necessary nor useful in operating and maintaining the Association's system in which in any one (1) year shall not exceed ten percent (10%) in value of all of the property of the Association, or
- (b) personal property.

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

Section 10.02. Vote Required

- (a) For property of the Association to be sold, leased, or disposed of other than Section 10.01, the same must be first authorized by the affirmative vote of at least sixty percent (60%) of the members of the Association.
- (b) Any proxy authorizing a vote for or against a proposal to sell, lease or otherwise dispose of property of the Association must satisfy the requirements set by the Securities and Exchange Commission Rule 14A-4. Any proxy authorizing a vote for or against a proposal to sell, lease or otherwise dispose of property of the Association obtained prior to the date notice is mailed shall be deemed invalid for purposes of determining whether the required member vote pursuant to this Section has been obtained.

Section 10.03. Procedural Requirements

- (a) A proposal to sell property of the Association may be considered and voted on at the annual meeting of members or a special meeting of members called for such purpose. A meeting of the members of the Association for the purpose of considering and voting upon the sale, lease or other disposition of property of the Association to a particular Purchaser or to any person controlling, controlled by,

or under common control with such Purchaser (an "Affiliate") shall not be held more than once in any twelve (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 Section 77-5-237, Mississippi Code (1972) must be met, and in addition the following requirements must be satisfied:

(1) The Association must have provided written notification of the offer of purchase to any lender desiring to receive such notification or to any generation and transmission association of which the Association is a member. The notification of the offer of purchase must contain all of the information provided to the Association, its management and Board of Directors, or which is filed with the Public Service Commission.

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

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

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

Section 10.04. Required Disclosure

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

(a) That information as required by Section 77-5-237, Mississippi Code (1972);
(b) Any plans or proposal of the Purchaser or an Affiliate of the Purchaser concerning the future conduct of the business of the Association including, but not limited to:

- (1) resale of any of the property of the Association;
- (2) termination of employment of persons employed by the Association;
- (3) changes in benefits of employees of the Association under any employee benefit plan;
- (4) changes in rates for electricity to be charged in the service area served by the Association; and
- (5) any reduction in service, change in service area, or requirements as to

- minimum charges which would affect members of the Association;
- (c) An opinion of counsel to the Purchaser setting forth the tax consequences of the acquisition to the Association and its member; and
- (d) Any other information which a reasonable person would consider important in deciding whether to vote for approval of a proposal to sell, lease or otherwise dispose of the property of the Association.

Section 10.05. Competing Bid Disclosure

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

Section 10.06. Effect of Noncompliance

Any sale, lease or other disposition of the property of the Association that is not effected in strict compliance with the provisions of Section 77-5-237, Mississippi Code (1972) and the provisions of Section 10.03 and 8.02 (e) of these bylaws shall be void. Any Purchaser or Affiliate of a Purchaser which 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 of the Association.

Section 10.07. Non-application to Consolidation

The provisions of Section 10 do not apply to the consolidation of associations effectuated pursuant to Miss. Code Ann. Section 77-5-217.

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 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 worthwhile non-profit endeavors. The Association may make contributions to non-profit, charitable or civic organizations or drives, and the Board may, by resolution or order, authorize the General Manager to act for the Association in this regard. The Directors shall also have full power and authority to subscribe for and on behalf of the Association, on an annual basis or otherwise to the "TODAY in Mississippi" and any and all other publications as may be determined by the Directors, and payment for such publication subscriptions shall be made of and from funds accruing in each member's favor.

Section 11.02. Waiver of Notice

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

Section 11.03. Fiscal Year

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

Section 11.04. Seal

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

Section 11.05. Amendments

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

Section 11.06. 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, except to the extent such procedure is otherwise determined by law or by the Association's Certificate of Incorporation or these bylaws.

Bylaws last revised 3/2010



P.O. Box 767
Lucedale, MS 39452-0767