

BY-LAWS

of

NORTH EAST MISSISSIPPI ELECTRIC POWER ASSOCIATION

Adopted

It shall be the aim of North East Mississippi Electric Power Association to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I

MEMBERSHIP

SECTION 1. Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof may become a member of the North East Mississippi Electric Power Association (hereinafter called the "Association") by:

- (a) Making a written application for membership therein;
- (b) Agreeing to purchase from the Association electric energy as hereinafter specified;
- (c) Agreeing to comply with and be bound by the Articles of Incorporation and By-Laws of the Association and any rules and regulations adopted by the Board of Directors; and
- (d) Paying the membership fee hereinafter specified;

provided however, that no person, firm, association, corporation or body politic or subdivision thereof shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members. No member may hold more than one membership in the Association, and no membership in the Association shall be transferable, except as provided in these By-Laws.

At each meeting of the members held subsequent to the expiration of a period of six months from the date of incorporation of the Association, all applications received more than ninety days prior to such meetings which have not been accepted or which have been rejected by the Board of Directors shall be submitted by the Secretary to such meeting and, subject to compliance by the applicant with the requirements hereinafter set forth, any such application may be accepted by vote of the members. The Secretary shall give each such applicant at least ten days notice of the date of the members' meeting to which his application will be submitted and such applicant shall be entitled to be present and heard at the meeting.

SECTION 2. Membership Certificates. Membership in the Association shall be evidenced by a membership certificate which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors. Such certificate shall be signed by the President and by the Secretary of the Association and the corporate seal shall be affixed thereto. No membership certificate shall be issued for less than the membership fee fixed in these By-Laws, nor until such membership fee has been fully paid for. In case a certificate is lost, destroyed or mutilated a new certificate may be issued therefor upon such uniform terms and indemnity to the Association as the Board of Directors may prescribe.

SECTION 3. Joint Membership. Husband and wife may apply for and 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 By-Laws, shall include husband and wife applying for or holding a joint membership, unless otherwise already 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 proxy entitled to vote.
- (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 the By-laws of the Association.
- (c) the vote of either of both shall constitute, respectively, one proxy.
- (d) notice to, or waiver of notice signed by, either or both shall constitute respectively, a joint notice or waiver of notice;
- (e) suspension or termination in any manner of either shall constitute respectively, suspension or termination of the joint

membership except that 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, and except 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.

- (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 4. Membership and Service Connections Fees. The membership fee shall be \$10.00, upon the payment of which a member shall be eligible for one service connection. In addition, all other fees, charges and deposits shall from time to time be fixed by the Board of Directors.

SECTION 5. Purchase of Electric Energy. Each member shall as soon as electric energy shall be available, purchase from the Association all electric energy used on the premises specified in his application for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board may limit the amount of electric energy which the Association shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these By-Laws. Each member shall pay to the Association such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Association as and when the same shall become due and payable.

SECTION 6. Termination of Membership. (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Association, may, by the affirmative vote of not less than two-thirds of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws or rules and regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Secretary of the Association that such failure makes him liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board of Directors or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Association, or of a membership who has ceased to purchase electric energy from the Association, shall be canceled by resolution of the Board of Directors.

(b) Upon the withdrawal, death, cessation of existence or expulsion of a member the membership of such member shall thereupon terminate, and the membership certificate of such member shall be surrendered, forthwith, to the Association. Termination of membership in any manner shall not release a member or his estate from any debts due the Association.

(c) In case of withdrawal or termination of membership in any manner, the Association shall repay to the members the amount of the membership fee paid by him, provided, however, that the Association shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the member to the Association.

ARTICLE II

RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. Upon dissolution, after

- (a) all debts and liabilities of the Association shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these By-Laws, the remaining property and assets of the Association shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the seven years next preceding the date of the filing of the certificate of dissolution, or if the Association shall not have been in existence for such period during the period of its existence.

SECTION 2. Non-Liability for Debts of the Association. The private property of the members shall be exempt from execution or other liability for the debts of the Association and no member shall be liable or responsible for any debts or liabilities of the Association.

ARTICLE III

MEETINGS OF MEMBERS

SECTION 1. Annual Meeting. The annual meeting of the members shall be held on the second Saturday of December of each year at such time and place as may be designated by the Board of Directors, as shall be designated in the notice of the meeting, for the purpose of electing any Director or Directors, presenting reports concerning the previous fiscal year and transacting such other business as published in the agenda of the notice of the meeting. If, for any reason, an annual or special meeting is not held at which Directors were to have been elected, or if a quorum is not obtained at such a meeting, it shall be presumed that, due to the lack of interest on the part of the members to respond to the notice of such annual or special meeting in sufficient numbers to obtain a quorum for the purpose of electing Directors, the Directors for each district where a Director was to have been elected at such annual or special meeting were re-elected to hold office for the ensuing three (3) year term, and the remaining members of the Board of Directors shall declare the re-election of such Directors of such districts. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Association.

SECTION 2. Special Meetings. Special meetings of the members may be called by a two-thirds (2/3) majority of the Directors of the Association, or shall be called by the Directors upon written petition signed by at least twenty percentum (20%) of all the members, provided that the petition is signed by at least ten percentum (10%) of the members residing in each of the nine (9) designated districts. Each person signing such petition shall date his signature and shall show thereon the address and account number of the service location represented by such signature. In no event shall a special meeting be called unless petitions are completed within ninety (90) days from the date of the first signature. When special meetings are called in such a manner, it shall be the duty of the Secretary to cause notice of any such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place specified in the notice of the special meeting.

SECTION 3. Notice of Members Meeting. Written or printed notice stating the place, day and hour of the meeting and, in case of an annual or special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than twenty-five (25) days before the date of the meeting, either personally or by mail, or by the direction of the Secretary to each member, if mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at his address 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 4. Voting Districts. The territory served or to be served by the Association shall be divided into nine (9) districts, each of which shall contain as nearly as possible the same number of members. Each district shall be represented by one (1) Director.

SECTION 5. Quorum. Three Hundred (300) members of the Association shall constitute a quorum at all regular and special meetings of the members. This number (300) shall be arrived at by adding the number of members present in person at the meeting to the number of members represented at that meeting by valid proxies received and filed as provided by these By-Laws. In case of joint membership, the presence at a meeting of either the husband or wife, or both, shall be regarded as the presence of one member.

SECTION 6. Voting. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At a meeting of the members where Directors are to be elected, a member may vote in person or by proxy or by absentee ballot. At all meetings of the members at which a quorum is present, all questions shall be decided by a vote of a majority of the members voting hereon, except as otherwise provided by law, the Articles of Incorporation of the Association, or these By-Laws. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to vote at a meeting of the members.

A member may vote in person, by absentee ballot, or by proxy. In the event a member should vote both by absentee ballot and by proxy, and such is received and filed by the Association as provided herein, then in such event the proxy shall be voted and counted and the absentee ballot will not be counted.

Votes by absentee ballot or by proxy upon any matter shall be on ballots and forms prescribed by the Association and submitted by the Association to the members at least fourteen (14) days in advance of each meeting. No votes by absentee ballots or by proxies will be counted unless they are on the ballots or forms prescribed by the Association and submitted to the members, and unless they are in accordance with the directions thereon, and unless they are received and filed in the principal office of the Association in Oxford, Mississippi, at least two (2) days before the time of the meeting. Members may not cumulate their votes as cumulative voting will not be permitted.

In the event a member misplaces, destroys or spoils his absentee ballot or proxy, said member shall be entitled to a replacement ballot or proxy upon either a written or in-person request by the member to the Manager of the Association at its principal office in Oxford, Mississippi, with the time prescribed in the By-Laws for filing of ballots or proxies.

SECTION 7. Proxies. For the convenience of the members, at all meetings of members, a member may be considered present and may vote by proxy executed in writing by the member and upon such form as may be provided to the member by the Association. Such proxy shall be filed with the Secretary by at least two (2) days before the time of the meeting and may be voted at the meeting by the member designated in the proxy. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated, or the adjournment of such meeting by the President. No member shall vote a proxy for more than ten (10) members at any meeting of the members. No proxy shall be valid after sixty (60) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy.

In a case of joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore 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 effects as if a proxy had not been executed.

SECTION 8. Order of Business. (a) The order of business at the annual and special meeting of the members shall be essentially as follows:

1. Determination as to Quorum.
2. Reading of the Notice of the Meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved Minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of Directors.
6. Unfinished business.
7. New business.
8. Adjournment.

(b) In order to protect the rights of members voting by proxy and absentee ballot, at all annual or special meetings there shall be no vote or action taken unless the subject matter has been covered in advance by the agenda of the written or printed notice of the meeting.

ARTICLE IV

DIRECTORS

SECTION 1. General Powers. The business and affairs of the Association shall be managed by a Board of nine (9) Directors which shall exercise all of the powers of the Association except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. Members presently serving as Directors of the Association, and the District they represent.

- District No. 1 – Ray Gallagher
- District No. 2 – Mickey Clayton
- District No. 3 – James Downs
- District No. 4 – John Davis
- District No. 5 – Danny E. Russell
- District No. 6 – Gene Hartley
- District No. 7 – James Herod
- District No. 8 – Jim Q. Tatum, Jr.
- District No. 9 – Billy Ray Brown

Each year three (3) Directors shall be elected to serve a term of three (3) years or until their successors shall have been elected and shall have qualified. Directors presently serving will continue to remain in office until their successors shall have been elected and shall have qualified. A member of the Board whose term expires shall be eligible for re-election.

Section 3. Qualifications. (a) No person shall be eligible to become or remain a director or to hold any position of trust in the Association who is not an active member in good standing of the Association, has not been a bona fide resident of the district from which they are to be elected for one year immediately preceding the nomination to directorship, or who is in any way employed by or financially interested in a competing enterprise or a business selling electric energy.

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

(c) In order to be eligible to become or remain a director of the Association, a person must be a member of the Association and receiving service therefrom at his primary residential abode, and not be a close relative, as defined in subsection b of Section 7, Compensation, Reimbursement, Employment of Relatives, Article IV, Directors, of an incumbent director, or the director being replaced, or of an employee of the Association.

When a membership is held jointly by a 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 or to hold a position of trust in the Association unless both shall meet the qualifications herein above set forth.

(d) No person shall be eligible to become or remain a director of, or hold any other position in trust in, the Association who is not at least twenty-one (21) years of age.

(e) 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. Nominations. It shall be the duty of the Board to appoint, not less than forty (40) days or more than ninety (90) days before the date of the meeting of the members at which Directors are to be elected, the Committee on Nominations consisting of Nine (9) members, one of whom shall be a resident of each of the nine (9) districts. No member of the Board of Directors may serve on such Committee. The Committee shall have prepared and posted at the principal office of the Association at least forty (40) days before the meeting a list of nominations for Directors in writing over their signatures. The Secretary shall mail with the Notice of the Meeting, or separately, a statement of the number of Directors to be elected and the names and addresses of those nominated by the Committee on Nominations. Any fifty (50) or more members acting together may make other nominations by petition, and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted. If a husband and wife hold a joint membership, either the husband or wife, but not both, may sign such petition. Each member signing such petition shall place thereon the account number of the member as shown on the electric bill with the Association. Nominations made by petition, if any, received at the principal office during normal business hours of the Association at least thirty (30) days before the time of the meeting shall be included on the official ballot. Nominations are to be made in no other manner or form except as herein authorized and within the time herein prescribed.

The Board may also appoint a Credentials and Election Committee, consisting of not less than three (3) or more than nine (9) members of the Association. No member of the Board of Directors or member of the Committee on Nominations may serve on such committee. 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 shall appoint said committee during the forepart of the members meeting. It shall be the responsibility of the committee to pass upon all questions that may arise with respect to the registration and qualifications of members in person or by proxy, the regularity of all petitions for nominations of directors, the qualifications of all nominees for directors, to count all ballots cast in any election or other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. Drawing by lot shall resolve, where necessary, any tie votes. 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) days after such protest or objection is filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and 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. 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.

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 5. Removal of Directors by Members. Any member may bring charges against a Director, and, by filing with the Secretary such charges in writing, together with a petition signed by at least ten percentum (10%) of the members, may request the removal of such Director by reason thereof. Such Director shall be informed in writing of the charges at least ten (10) days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Director shall be considered and voted upon at the meeting of the members and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

SECTION 6. Vacancies. Subject to the provisions of these By-Laws with respect to the filling of vacancies caused by the removal of a Director by the members, a vacancy occurring in the Board of Directors, shall be filled by the affirmative vote of a majority of the remaining Directors, for the unexpired portion of the term.

SECTION 7. 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. No close relative of any Director shall receive compensation for serving the Association unless the payment and amount shall be specifically authorized by a vote of the members of the Association or the service by such close relative shall have been certified by the Board of Directors as an emergency measure.

(b) "Close Relative" Defined. As used in these By-laws, "close relative" means a person who by blood or in-law, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

SECTION 8. Indemnification and Liability Insurance. (a) On the terms and conditions hereinafter stated, the Association or its insurers shall indemnify any director, officer or employee of the Association, including any former director, officer or employee of the Association, who is or was a party or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by virtue of their position within the Association, for expenses, claims, liabilities, costs, judgments, fines, including attorney's fees reasonably incurred or imposed upon such person in connection with such actual or threatened action, suit, proceeding, or investigation and against any amount reasonably and with prior approval of the Board of Directors of the Association paid in settlement of any such actual or threatened suit, action or proceeding if:

- (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 their good faith belief that they have met the standard of conduct described above;
- (2) A determination is made that the facts then known to those making the determination would not preclude indemnification.

(d) There shall be no indemnification of any director, officer or employee of the Association if the Board of Directors affirmatively finds that they did not meet the standard of conduct outlined above. In making such a determination, the Board of Directors 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 object of the action, suit, proceeding or investigation. Should the entire Board of Directors be made the object of such action, suit, proceeding or investigation, then there shall be appointed by the Board of Directors of the Association an independent committee made up of 5 members whose sole purpose shall be to make such a determination on the issue of indemnification.

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

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

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

ARTICLE V

MEETING OF DIRECTORS

SECTION 1. Regular Meetings. Regular meetings of the Board of Directors shall be held monthly at such time and place as the Board of Directors may provide by Resolution. Such regular monthly meeting may be held without notice or other than such Resolution fixing the time and place thereof. A regular meeting of the Board of Directors may be held immediately following an annual meeting of the members. If such meeting

is held, it shall be held at the office of the Association.

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

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

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

SECTION 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or by any three Directors and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or the Directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. Notice of Directors' Meetings. Written notice of the time, place, and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than five days previous thereto either personally or by mail, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the President or the Directors calling the meeting. If mailed, such notices shall be deemed to be delivered when deposited in the United States Mail as registered matter and addressed to the Director at his address as it appears on the records of the Association with postage thereon prepaid.

SECTION 4. Quorum. A majority of the Board of Directors shall constitute a quorum, 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 further that the Secretary shall notify any absent Director of the time and place of such adjourned meeting. 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.

ARTICLE VI

OFFICERS

SECTION 1. Number. The officers of the Association shall be the President, Vice President, Secretary-Treasurer and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. Election and Term of Office. The officers shall be elected by ballot, annually, by and from the Board of Directors at the meeting of the Board of Directors held immediately after the 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 his successor shall have been elected and shall have qualified. A vacancy in any office shall be filled by the Board of Directors for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Directors. 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. In addition, any member of the Association may bring charges against an officer and by filing with the Secretary such charges in writing together with a petition signed by ten percentum (10%) of the members, may request the removal of such officer. The officer against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the Board meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 4. President. The President shall:

- (a) Be the principal executive officer of the Association and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors;
- (b) Sign, with the Secretary, Certificates of Membership, the issue of which shall have been authorized by the Board of Directors or the members, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Association or shall be required by law to be otherwise signed or executed; and
- (c) In general, perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. Vice President. In the absence of the President, or in the event of his inability or refusal to act, the Vice President shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall also perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 6. Secretary. The Secretary shall:

- (a) Keep the Minutes of the meetings of the members and of the Board of Directors in one or more books provided for the 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 Association records and of the Seal of the Association and affix the Seal of the Association to all Certificates of Membership prior to the issue thereof and to all documents, the execution of which on behalf of the Association under its Seal is duly 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) Sign, with the President, Certificates of Membership, the issue of which shall have been authorized by the Board of Directors or the members;
- (f) Have general charge of the books of the Association;
- (g) 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 be open to the inspection of any member) and at the expense of the Association may forward a copy of the By-Laws and all amendments thereto to each member; and
- (h) In general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. Treasurer. The Treasurer shall:

- (a) Have charge and custody of and be responsible for all funds and securities of the Association;
- (b) Be responsible for the receipt of and the issuance of receipts for all moneys due and payable to the Association and for the deposit of all such moneys 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) In general, perform all duties incident to the office of Treasurer and such other duties as from time to time may be assigned to

him by the Board of Directors.

SECTION 8. Manager. The Board of Directors may appoint a Manager who may be, but who shall not be required to be, a member of the Association. The Manager shall perform such duties and shall exercise such authority as the Board of Directors from time to time vest in him.

SECTION 9. Bonds of Officers. The Treasurer and any other officer or agents of the Association charged with responsibility for the custody of any of its funds or property shall give bond in such sum and with such 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.

SECTION 10. Compensation. The powers, duties and compensation of officers, agents and employees shall be fixed by the Board of Directors, subject to the provisions of these By-Laws with respect to compensation for Directors and close relatives of Directors.

SECTION 11. Reports. The officers of the Association shall submit to each meeting of the members reports covering the business of the Association for the previous fiscal year. Such reports shall set forth the condition of the Association at the close of such fiscal year.

ARTICLE VII

REVENUES AND RECEIPTS

Subject to the provisions of any mortgage or deed of trust given or assumed by the Association, the Board of Directors shall, after the expiration of each fiscal year and after paying or making provisions for the payment of all obligations and expenses of the Association properly chargeable against its revenues and receipts for such fiscal year, apply the unexpended revenues and receipts for such fiscal year:

- First - To the establishment and maintenance of a general reserve fund for working capital to provide, among other things, for insurance, taxes, maintenance, improvements, new construction and contingencies in an amount which the Board of Directors shall deem reasonable; and
- Second - To the establishment and maintenance of a reserve for the payment of interest on and principal of all outstanding notes, bonds or other evidences of indebtedness issued, or the payment of which shall have been assumed, by the Association, in the amount which shall not be less than an amount equal to the total of the interest and principal payments required to be made during the following fiscal year in respect of such notes, bonds or other evidences of indebtedness.

Such application shall be made within ninety (90) days after the expiration of each fiscal year, and all revenues and receipts for such fiscal year not needed for the foregoing purposes shall, as and when determined by the members, be applied by the Board of Directors for the following purposes:

- (a) Distribution among the members in proportion to their patronage during the fiscal year in which such revenues and receipts were received; provided, however, that any sum available for distribution to a member as aforesaid shall be first applied against any member's indebtedness, if any, to the Association.

ARTICLE VIII

Disposition of Property

Sale or Lease of Assets of the Association

Vote of the Members not Required. The Board of Directors may, without authorization of the members, sell, mortgage, lease or otherwise encumber or dispose of

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

The Board of Directors of the Association, without authorization by the members thereof, shall also have full power and authority upon the affirmative vote of two-thirds (2/3) of the members constituting the full board 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 members constituting the full board 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 plan for the purpose of financing its members' programs, projects and

undertakings, in which the Association holds membership.

Vote Required. (a) For property of the Association to be sold, leased, or disposed of other than in Section above, 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.

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

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

- (1) The Association must have provided written notification of the offer of purchase to any lender desiring to receive such notification or to any generation and transmission association of which the Association is a member. The notification of the offer of purchase must contain all of the information provided to the Association, its management and Board of Directors, or which is filed with the Public Service Commission.
- (2) The disclosure required by Section 77-5-237 Mississippi Code (1972) and any additional disclosure required by these bylaws must have been received in a form to allow management and the Board of Directors ample opportunity to review same.
- (3) The Purchaser must have agreed in writing to assume those obligations of the Association as required by Section 77-5-237 Mississippi Code (1972), and other provisions of these bylaws.
- (4) The Purchaser must have agreed in writing to indemnify the Association and its members against any damage, liability or loss (including, without limitation, reasonable attorneys' fees, interest, penalties, judgments and amounts paid in settlement of, any claim, suit, action or proceeding) sustained, incurred, paid or required to be paid by the Association arising out of any act or omission of the Association or Purchaser occurring before or after the sale of property of the Association to the Purchaser.

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

- (a) that information as required by Section 77-5-237, Mississippi Code (1972);
- (b) any plans or proposal of the Purchaser or an Affiliate of the Purchaser concerning the future conduct of the business of the Association including, but not limited to:
 - (1) Resale of any of the property of the Association;
 - (2) Termination of employment of persons employed by the Association
 - (3) Changes in benefits of employees of the Association under any employee benefit plan;
 - (4) Changes in rates for electricity to be charged in the service area served by the Association; and
 - (5) Any reduction in service, change in service area, or requirements as to minimum charges which would affect members of the Association;
- (c) an opinion of counsel to the Purchaser setting forth the tax consequences of the acquisition to the Association and its members; and
- (d) any other information which a reasonable person would consider important in deciding whether to vote for approval of a proposal to sell, lease or otherwise dispose of the property of the Association.

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.

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 Procedural Requirements, as above set forth, and all Bylaws of the Association, shall be void. Any Purchaser or Affiliate of a Purchaser which in providing the disclosure required by said Procedural Requirements and Required Disclosure and Competing Bid Disclosures as above set forth, 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.

Non-application to Consolidation. The provisions of Article VIII do not apply to the consolidation of associations effectuated pursuant to Miss. Code Ann. Section 77-5-217.

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

ARTICLE IX

SEAL

The Corporate Seal of the Association shall be in the form of a circle and shall have inscribed thereon the name of the Association and the words:

"Corporate Seal, Mississippi".

ARTICLE X

FINANCIAL TRANSACTIONS

SECTION 1. 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 and on behalf of the Association and such authority may be general or confined to specific instances.

SECTION 2. Check, Drafts, Etc. All checks, drafts, or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness issued in the name of the Association shall be signed by such officer, or officers, agent or agents, employee or employees of the Association and in such manner as shall from time to time be determined by Resolution of the Board of Directors.

SECTION 3. Deposits. All funds of the Association shall be deposited from time to time to the credit of the Association in such bank or banks as the Board of Directors may select.

SECTION 4. Change in Rates. Written notice shall be given to the Administrator of the Rural Electrification Administration of the United States of America not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Association for electric energy becomes effective.

SECTION 5. Fiscal Year. The fiscal year of the Association shall begin on the first day of July of each year and shall end on the thirtieth day of June of the next year.

ARTICLE XI

MISCELLANEOUS

SECTION 1. Membership in Other Organizations. The Association shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchased; provided, however, that the Association may, upon the authorization of the Board of Directors, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification, or with the approval of the Administrators of RUS, or any other corporation for the purpose of acquiring electric facilities.

SECTION 2. Waiver of Notice. Any member or Director may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a member or Director at any meeting shall constitute a waiver of notice of such meeting by such member or Director,

except in case a member or Director shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 3. Rules and Regulations. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation, or these By-Laws, as it may deem advisable for the management of the business and affairs of the Association.

SECTION 4. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Association as of the end of such fiscal year. Such audit reports shall be submitted to the members at the next following Annual Meeting.

SECTION 5. Access of 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 association information shall be governed by the following rules and procedures:

(a) No requests for information shall be considered until the requesting member fills out and executes an information request form.

(b) The request form as executed will be reviewed 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 XII

AMENDMENTS

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