



BY-LAWS

OF NORTHCENTRAL ELECTRIC COOPERATIVE

BOARD OF DIRECTORS

Pat Woods, President	District 1
Jerry Nichols, Vice-President.....	District 5
Don Dickerson, Secretary-Treasurer	District 2
Joan Childress.....	District 7
Ricky Jones	District 8
Phil Lauchassee	District 3
Julie Niblett.....	District 9
Tony Taylor	District 4
Morris Thompson.....	District 6
James E. Woods, Attorney	
Kevin Doddridge, CEO/General Manager	

INDEX

ARTICLE I

MEMBERS

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

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01	Suspension; Reinstatement
Section 2.02	Termination by Expulsion; Renewed Membership
Section 2.03	Withdrawal of Membership
Section 2.04	Termination by Death of Cessation of Existence; Continuation of Membership in Remaining or New Partners
Section 2.05	Effect of Termination
Section 2.06	Effect of Death, Legal Separation or Divorce Upon a Joint Membership
Section 2.07	Board Acknowledgement of Membership Termination; Acceptance of Member Retroactivity

ARTICLE III

MEETINGS OF MEMBERS

Section 3.01	Annual Meeting
Section 3.02	Special Meetings
Section 3.03	Notice of Members' Meetings
Section 3.04	Quorum
Section 3.05	Voting
Section 3.06	Vote by Proxy
Section 3.07	Order of Business

ARTICLE IV

DIRECTORS

Section 4.01	General Powers
Section 4.02	Districts
Section 4.03	Tenure and Qualifications
Section 4.04-1	Nominations
Section 4.04-2	Committee on Credentials and Elections
Section 4.05	Removal of Directors and Officers
Section 4.06	Vacancies
Section 4.07	Compensation, Reimbursement, Employment of Relatives
Section 4.08	"Close Relative" Defined
Section 4.09	Rules and Regulations
Section 4.10	Accounting Systems and Reports
Section 4.11	Indemnification and Liability Insurance

ARTICLE V

MEETINGS OF DIRECTORS

Section 5.01	Regular Meetings
Section 5.02	Attendance by Members at Meetings
Section 5.03	Special Meetings
Section 5.04	Notice
Section 5.05	Quorum

ARTICLE VI

OFFICERS

Section 6.01	Number
Section 6.02	Election and Term of Office
Section 6.03	Removal
Section 6.04	Vacancies
Section 6.05	President
Section 6.06	Vice-President
Section 6.07	Secretary
Section 6.08	Treasurer
Section 6.09	Delegation of Secretary's and Treasurer's Responsibilities
Section 6.10	General Manager
Section 6.11	Bonds of Officers
Section 6.12	Compensation
Section 6.13	Reports

ARTICLE VII

CONTRACTS, CHECKS, AND DEPOSITS

Section 7.01	Contracts
Section 7.02	Checks, Drafts, Etc.
Section 7.03	Deposit

ARTICLE VIII

NON-PROFIT OPERATION

Section 8.01	Interest or Dividends on Capital
Section 8.02	Patronage Capital in Connection with Furnishing Electric Energy
Section 8.03	Dissolution or Liquidation
Section 8.04	Patronage Refunds in Connection with Furnishing Other Services

ARTICLE IX

ACCESS TO COOPERATIVE RECORDS

Section 9.01	Access to Corporate Records
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ARTICLE X

SALE OR LEASE OF ASSETS TO THE COOPERATIVE

Section 10.01	Vote of the Members not Required
Section 10.02	Vote Required
Section 10.03	Procedural Requirements
Section 10.04	Required Disclosure
Section 10.05	Competing Bids Disclosure
Section 10.06	Effect of Noncompliance
Section 10.07	Non-Application to Consolidation
Section 10.08	Severability

ARTICLE XI

MISCELLANEOUS

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

BY-LAWS OF NORTHCENTRAL ELECTRIC COOPERATIVE

ARTICLE I

MEMBERS

Section 1.01 - Qualifications, Applications, and Obligations

(a) Any person, firm, corporation, or body politic may become a member of Northcentral Electric Cooperative, herein called "the Cooperative" by:

- (1) making a written application therefore; and
- (2) paying the membership fee hereinafter specified; and
- (3) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (4) agreeing to comply with and be bound by the Certificate of Incorporation of the Cooperative 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 Cooperative.

(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 forms as is provided therefore by the Cooperative. 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 Cooperative, 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 Cooperative may, by the sole act of paying a new membership fee and any outstanding account with interest (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction may be required by the Cooperative), 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 as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposits, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed

by the Cooperative (together with a service security deposit, a facilities extension deposit or contribution in aid of construction, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him if so required by the Cooperative.

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 Cooperative. 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 3.07 of these bylaws;
- (c) the vote of either or both shall constitute, respectively, one joint proxy;
- (d) notice to, or waiver of notice signed by, either or both shall constitute, respectively, a joint notice or waiver 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 concurrently, shall be eligible to serve as a director of the Cooperative, but only if both meet the qualifications required therefore.

Section 1.03 - Purchase of Electric Energy

Each member shall, as soon as electric energy is made available, purchase from the Cooperative all electric energy used on the premises specified in the member's application for membership, and shall pay therefore 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 Cooperative cannot and therefore does not guarantee an uninterrupted and continuous supply of electric energy. Additionally, the Board of Directors may limit the amount of electric energy the Cooperative shall be required to furnish to any one member.

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

- (a) The account for which electric power service is rendered by the Cooperative, 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 or amount owed to the Cooperative 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 their true identity and any previous addresses required by the Cooperative.

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 Cooperative facilities shall be subject to appropriate regulations as shall be fixed from time to time by the Cooperative.

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

Section 1.05 - Wiring of Premises; Responsibility Therefore; Responsibility for Meter Tampering or Bypassing and for Damage to Cooperative Properties; Extent of Cooperative Responsibility; Indemnification.

Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specification of the Mississippi Insurance Underwriters Cooperative, the National Electric Code, the National Electric Safety Code, any applicable state code or local government ordinances, and of the Cooperative, it being understood and agreed that the connection by the Cooperative, to the members premises shall not in any way or manner constitute the Cooperative'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 Cooperative 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 Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative'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 Cooperative'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 to their premises, apparatuses, or meter base as the Cooperative shall from time to time require in order to protect the Cooperative'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 Cooperative and its employees, agents, and independent contractors against

death, injury, loss, or damage resulting therefrom, including but not limited to the Cooperative'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 Cooperative 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 Cooperative's billing procedures. In no event shall the responsibility of the Cooperative 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 Cooperative, execute and deliver to the Cooperative 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 Cooperative 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 Cooperative's electric facilities.

Section 1.07 - Non-Liability of the Cooperative

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

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01 - Suspension; Reinstatement

Upon failure, after the expiration of the initial time limit prescribed in a specific written notice to a member to pay any amounts due the Cooperative, a person's membership shall automatically be suspended; and such person shall not during such suspension be entitled to receive electric service from the Cooperative 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 non-compliance is given. Payment of all amounts due the Cooperative, including any additional charges required for service reinstatement, and/or cessation of any other non-compliance 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 Cooperative 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 Cooperative 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 therefore 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 the Membership

Any member may withdraw from the membership upon payment in full of all debts and liabilities of such member to the Cooperative 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 continued to reside at the location receiving service may succeed to the membership upon application therefore 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 Cooperative.

Section 2.05 - Effect of Termination

Upon the termination in 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 Cooperative), less any amount due the Cooperative; 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 Cooperative. Notwithstanding the suspension or expulsion of a member as provided for in Section 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 any other source, any central station's electric power, and energy for use at the premises to which such service has therefore been furnished by the Cooperative pursuant to such membership.

Section 2.06 - Effect of Death, Legal Separation, or Divorce upon a Joint Membership

Upon death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner 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 Cooperative.. 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 to the Cooperative.

Section 2.07 - Board Acknowledgement of Membership Termination; Acceptance of Member Retroactively

Upon the termination of a person's membership for any reason, the Board of Directors as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased 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 Cooperative, to the extent practicable, shall correct its membership and all related records accordingly; PROVIDED, that if the Cooperative acquires facilities which are already providing electric services to patrons not members of the Cooperative, the Cooperative 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 Cooperative.

ARTICLE III

MEETINGS OF MEMBERS

Section 3.01 - Annual Meeting

For the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the fourth Wednesday of the month of October each year, at such place in one of the counties of Mississippi within which the Cooperative 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 day 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 Cooperative.

It shall be the responsibility of the Board of Directors to make adequate plans and preparation for the annual meeting, and to encourage attendance by the membership at these meetings.

Section 3.02 - Special Meeting

Special meetings of the members may be called by at least a majority of directors or upon written request signed by at least 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 Cooperative, 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 delivered not less than 10 days nor more than 27 days before the date of the meeting, by or at the direction of the Secretary, or by the directors or members calling 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 required 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 Cooperative, 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

Five percent (5%) of the members shall constitute a quorum at a meeting of the members. This number shall be arrived at by adding the number of members present in person at the meeting to the number of members represented at that meeting by valid proxies filed as provided by these bylaws. If less than a quorum is present at any meeting of members, the

officer of the Cooperative who is presiding at the meeting may without a motion declare the meeting adjourned and closed or he may hold the meeting open for not longer than thirty minutes to see if a quorum is present within that time; and the meeting shall automatically be adjourned and closed if a quorum shall not be present at the end of said thirty minute period. The members present at a meeting at which a quorum is not present shall not have the power to take any kind of action, including, but not 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 shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. Legal entity organizations and non-legal entity organizations which are members of the Cooperative 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;

(d) Any other cooperative 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 cooperative or organization.

A church receiving electric service at a parsonage and other premises through separate meter or meters shall be entitled to have only one (1) membership for all such meters, and cast only one (1) vote at all meetings of the members. If one person shall receive electric service through two 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 this section of said by-laws. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of the majority of the members voting thereon in person or proxy as provided for in the following Article except as otherwise provided by law, the Articles of Incorporation of the Cooperative or these by-laws and except as in the situation more than two (2) persons seek election as director for one (1) district. In the event this situation exists, if one (1) of said persons fails to receive a majority of the vote, then the top two (2) persons receiving the most votes will have a runoff for the director post of said district; said runoff to be held the fourth Wednesday of November following the election of the fourth Wednesday of October of said election year, with said runoff election to be conducted as provided herein as elections of directors in the first instance. If the husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

Section 3.06 - Vote by Proxy

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, and member holding and intending to vote a proxy must file the executed proxy at the Cooperative's headquarters, not less than two (2) days (48 hours) prior to the meeting. The proxy must have entered thereon the name and address 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 Articles of Incorporation of the Cooperative. 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 25 members at any meeting of the members, but this restriction shall not apply to the Board of Directors who shall vote the proxies assigned to them according to the will of a majority of the members of the Board of Directors. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by that member, and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if the proxy had not been executed. In case of a joint membership, a proxy may be executed either by the husband or the wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by them and such joint member or members shall be entitled to vote as such meeting in the same manner and with the same effect as if the proxy had not been executed. A standard proxy shall be used which identifies the member by name and address, in order to assure authenticity and facilitate the tabulation of votes. If the proxy form of a member is lost, stolen, or destroyed, the Cooperative shall furnish the member with a replacement proxy form upon request, provided that the member execute a revocation of the lost, stolen, or destroyed form, to be witnessed by an employee of the Cooperative. Blank proxy forms will not be distributed in bulk to any member. Only the proxy form issued by the Cooperative will be valid.

Section 3.07 - 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 Cooperative who is presiding at such meeting:

1. Report on the existence of a quorum.
2. Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting.
3. Reading, or the waiver thereof, of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of reports of officers, directors, and committees.
5. (a) receive report of Committee on Nominations.
(b) Secretary to present petitions filed and posted for the nominations of directors.
(c) Election of directors.
6. Unfinished business.
7. New Business.
8. Adjournment.

ARTICLE IV

DIRECTORS

Section 4.01 - General Powers

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

Section 4.02- Districts

(a) In order to assure equitable representation of the geographical areas of the Cooperative on the Board of Directors of the Cooperative, the territory served or to be served by the Cooperative shall be divided into nine (9) districts, (7 separate and 2 at large). Each district shall be represented on the Board of Directors by one Board Member. At each annual meeting of the members, one-third (1/3) of the total number of Directors shall be elected by the members, to serve for a term of three (3) years as provided by law or until their successor shall have been elected and shall have qualified. The division of districts is described as follows:

District 1: The area embraced within the January 1, 1984, corporate limits of the City of Byhalia.

District 2: The area embraced within the January 1, 1984, corporate limits of the City of Olive Branch.

District 3: The area South and West of the New U.S. Highway 78 and North and West of Coldwater River, extending to the Tennessee state line, excepting the area within the January 1, 1984, corporate limits of the City of Olive Branch.

District 4: The area North and East of the new U.S. Highway 78 and West of Mississippi Highway 309, extending to the Tennessee state line, excepting the area within the January 1, 1984, corporate city limits of the Cities of Olive Branch and Byhalia.

District 5: The area North and East of the new Highway 78 and East of Mississippi Highway 309, extending to the Tennessee state line excepting the area within the January 1, 1984, corporate limits of the City of Byhalia.

District 6: The area South and West of the new U.S. Highway 78 and East of Coldwater River and North of Pigeon Roost Creek, except the area within the January 1, 1984, corporate limits of the City of Byhalia.

District 7: The area South of Pigeon Roost Creek.

District 8: The area served by the Cooperative in Marshall, Tate, and Lafayette Counties, which constitute an at-large district.

District 9: The area served by the Cooperative in DeSoto County, which constitutes an at-large district.

(b) Each of the above districts shall be represented by one member of the Board of Directors, to be elected by members from the entire territory.

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 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 their successors shall have been elected and qualified.

(b) At any meeting, voting shall not be necessary in the event the number of persons nominated for directors does not exceed the number of directors to be elected, but in such case if there be no objection, the directors may be elected in any other proper manner. Drawing by lot shall resolve, where necessary, any tie votes. If an election of directors shall not be held on the day designated for the annual meeting, a special meeting of the members may be held for the purpose of electing directors within a reasonable time thereafter.

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

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

(e) In order to be eligible to become or remain a director of the Cooperative, a person must be a member of the Cooperative and receiving service therefrom at his primary residential abode, and not be a close relative as defined in Section 4.08 of an incumbent director. When a membership is held jointly by a husband and wife, either one but not both may be elected director; provided however that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet 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 Cooperative who is not at least eighteen (18) years of age.

(g) No person shall be eligible to become or remain a director if they are employed, full or part-time, by the Cooperative. Those previously employed, full or part-time, by the Cooperative, will

not be eligible to become a director until a minimum of 5 years has passed since the conclusion of their employment.

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

(i) Nothing in the section contained 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 Cooperative.

Section 4.04-1 - Nominations

Nominations to the Board of Directors, whether incumbent or new candidate, will be made by the membership. Any twenty-five (25) or more members from a district from which a director is to be elected shall make nominations for directors to represent that particular district in writing over their signatures. Said petition or petitions must be in such a form as from time to time be produced by the Cooperative, and must be presented to the Secretary at least thirty-seven (37) days prior to the election date, and in such event that said petition or petitions are presented within the time aforesaid, and in the manner aforesaid, the Secretary shall post the same at the principle office of the Cooperative. The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and stating the District from which each shall have been nominated. All names shall be listed in alphabetical order. The members may, at any meeting at which a director shall be removed as herein fore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in the 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 4.04-2 - Credentials and Election Committee

The Board of Directors shall, prior to any meeting of the members of the Cooperative, appoint a Credentials and Election Committee consisting of no more than seven (7) members who are not Cooperative employees or candidates for director or their agents and shall appoint one (1) of the seven (7) members to serve as chairman of the Committee, who shall also have a vote in all matters. Committee members shall serve until their successor is appointed by the Board. The Secretary of the Board of Directors shall serve as an ex-officio member of the Credentials and Election Committee and shall have a vote in all matters decided by the Committee, except where the Secretary's election as Director is involved and in such instance, the Vice President of the Cooperative shall vote in all matters decided by the Committee. The Committee may appoint Cooperative employees to assist them in performing their duties under their supervision but those employees shall not have a vote in any Committee decisions. Those Cooperative employees so designated may verify memberships and alphabetize proxy envelopes as they arrive prior to the final time for proxy voting by mail. 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. In the exercise of its responsibility, the Credentials and Election Committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during the meeting in which the voting is conducted. The Credentials and Election Committees shall thereupon be reconvened, upon notice from its chairman, within three (3) 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 no later than ten (10) 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 reflected by a majority of those actually present and voting on all matters covered by this Section shall be final.

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

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.

Guidelines and procedures for the Credentials and Election Committee are in policy form in the Cooperative Policy Manual.

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 with a petition signed by ten per centum (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 and any vacancy created by such removal may be filled by the members at such meeting. 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 been elected and shall have qualified. The office of a director is subject to being declared vacant and subject to being filled pursuant to this Section if (1) the director shall have failed to attend as many as three consecutive meetings of the board, whether special or regular, and at least two-thirds of the remaining directors in office determine, in their sole judgment, that such failure did not occur for justifiable cause and will not recur; or, (2) the director, as determined in their sole judgment by at least two-thirds of the remaining directors in office, has become incapable of performing the duties of a director and such incapability is not likely to cease within a reasonable time; or, (3) such director is no longer a bona fide resident of the District such director was elected to represent, and the Board finds such change of residence is 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 by payment of the actual amount of expenses upon presentation of an itemized account therefore. Directors may be paid a fixed sum for each occasion involving the performance of the duties for the Cooperative as may be authorized and deemed reasonable for the Board of Directors.

(b) No close relative of any director shall receive compensation for serving the Cooperative unless the relative:

- (1) has been in the regular employee of the Cooperative for at least one year immediately preceding the time the Director to whom they are related became a director; or
- (2) performs services certified by the Board as an emergency measure, or
- (3) receives compensation by authorization of the membership.

Section 4.08 - "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 either spouse, child, grandchild, parent, grandparent, brother, or sister.

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 Articles of Incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration, and regulation of the business and affairs of the Cooperative.

Section 4.10 - Accounting System and Reports

The Cooperative's accounting system shall be of the type and form as may from time to time be designated by the Administrator of the Rural Electrification Administration of the United States of America, National Rural Utilities Cooperative Finance Corporation, Mississippi Public Service Commission, and Tennessee Valley Authority, 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 Cooperative 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. If deemed practical by the management of the Cooperative, a summary of the financial status of the Cooperative may be published annually, and such summary will be furnished to any member of the Cooperative but only upon written request made therefore.

Section 4.11 - Indemnification and Liability Insurance

(a) On the terms and conditions hereinafter stated, the Cooperative or its insurer shall indemnify any director, officer, or employee of the Cooperative, including any former director, officer or employee of the Cooperative, 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 Cooperative, 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 reasonable and with prior approval of the Board of Directors of the Cooperative 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) Action taken in any official capacity of the Cooperative were in its best interests;

(B) Conduct in any other capacity was at least not opposed to the Cooperative'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 Cooperative 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 Cooperative 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 Cooperative a written statement of their good faith belief that they have met the standard of conduct described in Section 4.11 (a) above;

(2) The written statement reflects an agreement by the individual to repay the advance if it is ultimately determined that they did not meet the standard of conduct; and

(3) A determination is made that the facts then known to those making the determination would not preclude indemnification.

The undertaking required by subsection 4.11 (c) above shall be an unlimited general obligation of the director, or manager but need not be secured and may be accepted without reference to financial ability to make repayment.

(d) There shall be no indemnifications of any director, officer, or employee of the Cooperative if the Board of Directors affirmatively finds that they did not meet the standard of conduct outlined in Section 4.11 (a) above. In making such a determination, the Board of Directors must affirmatively state that sufficient facts exist to support a finding of noncompliance with the above described standard of conduct. Such an affirmative statement must be made by a majority of Board members who are not the object of the action, suit, proceeding, or investigation. Should the entire Board of Directors be made the object of such action, suit, proceeding, or investigation, then there shall be appointed by the Board of Directors of the Cooperative 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 provision of this Section shall be inapplicable to any action brought by the Cooperative 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 or directors, and shall insure 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 Cooperative 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 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 Cooperative unless the Board goes into executive session. Meetings of the Board of Directors shall not be open to non-members 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 Cooperative;
- (3) transaction of business and discussion regarding the report, development, or course of action regarding security personnel, plans, or devices;
- (4) investigative proceedings regarding allegation 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 right-of-way;
- (7) transaction of and/or discussion of negotiations regarding the location, relocation, or expansion of Cooperative facilities;
- (8) discussion of terms of employment or termination of employees;
- (9) discussion of such matters as would be recognized by the courts legally privileged;
- (10) any other business which the Board in its discretion deems to be of a sensitive nature.

(b) Members of the Cooperative may address the Board at a regular meeting regarding any suggestions for better service, grievances, or any other matter affecting the Cooperative, 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 Cooperative, which will include the subject matter to be addressed and provide such information as is necessary to enable the Cooperative 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 Cooperative may not address the Board of Directors unless specifically invited by the Board of Directors, after executing a written request as provided

above.

Section 5.03 - Special Meetings

(a) Special meetings of the Board of Directors may be called by the President or 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 at the Cooperative's main office in Byhalia, Mississippi, for the holding of any special meeting of the Board of Directors called by them;

(b) But 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 Cooperative, unless 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 of 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 Cooperative 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 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 Cooperative 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 Cooperative 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 Cooperative 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 Cooperative, 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 shall:

- (a) keep the minutes of the meeting of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) see that all notices are duly given in accordance with these bylaws or as required by law;
- (c) be custodian of the records and of the seal of the Cooperative and affix the seal to all documents, the execution of which on behalf of the Cooperative under its seal is authorized in accordance with the provisions of these bylaws;
- (d) keep a register of the names and post office addresses of all members;
- (e) have general charge of the books of the Cooperative
- (f) keep on file at all times a complete copy of the articles of incorporation and bylaws of the Cooperative 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 from time to time may be assigned by the Board of Directors.

Section 6.08 - Treasurer

The Treasurer shall be responsible for:

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

Section 6.09 - Delegation of Secretary's and Treasurer's Responsibilities

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer 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 Cooperative who are not directors.

Section 6.10 - Manager

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

Section 6.11 - Bonds

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

Section 6.12 - Compensation

The Board of Directors shall, from time to time, fix, amend, or increase the compensation of the General Manager and agents of the Cooperative. The wages and salaries of all employees of the Cooperative shall be fixed by the General Manager.

Section 6.13 - Reports

The officers of the Cooperative shall submit at each annual meeting of the members reports covering business of the Cooperative for the fiscal year and showing the condition of the Cooperative 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 such authority may be general or confirmed 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 Cooperative shall be signed and countersigned by an officer or officers of the Cooperative 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 Cooperative except petty cash shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select, not inconsistent with Mississippi Code Ann. Section 75-5- 247.

ARTICLE VIII

NON-PROFIT OPERATION

Section 8.01 - Interest or Dividends on Capital Prohibited

The Cooperative shall at times be operated on an cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative 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

In the furnishing of electric energy the Cooperative's operations will be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a nonprofit 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 Cooperative are received with the understanding that they are furnished by patrons as capital.

Section 8.03 - Dissolution or Liquidation

(a) In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, any outstanding capital credits shall be retired without priority on a pro rate basis before any payments are made on account or property rights of members.

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

Section 8.04 - Patronage Refunds in Connection with Furnishing Other Services

In the event that the Cooperative 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 prorated annually on a patronage basis and returned to those patrons, from whom such amounts were obtained.

ARTICLE IX

ACCESS TO COOPERATIVE RECORDS

Section 9.01 - Access to Corporate Records

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

The Cooperative's response to requests from members for cooperative 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 Cooperative'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 Cooperative.
- (3) furnishing the requested information will not be inimical to the Cooperative's best interests, and
- (4) the release of such information will not subject the Cooperative 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 LEASES OF ASSETS OF THE COOPERATIVE

Section 10.01 - Vote of the Members not Required

The Board of Directors may, without authorization of the members, sell, mortgage, lease, or otherwise encumber or dispose of

(a) any of its property which, in the judgment of the Board of Directors, is neither necessary or useful in operating or maintaining the Cooperative's system in which in any one (1) year shall not exceed ten percent (10%) in value of all of the property of the Cooperative, or

(b) merchandise.

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

Section 10.02 - Vote Required

(a) For property of the Cooperative to be sold, leased, or disposed of other than in Section 1, the same must be first authorized by the affirmative vote of at least sixty percent (60%) of the members of the Cooperative.

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

(b) In order for any proposal to sell, lease, or otherwise dispose of property of the Cooperative 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 Cooperative must have provided written notification of the offer of purchase to any lender desiring to receive such notification or to any generation and transmission cooperative of which the Cooperative is a member. The notification of the offer of purchase must contain all of the information provided to the Cooperative, 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 the

same.

(3) The Purchaser must have agreed in writing to assume those obligations of the Cooperative 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 Cooperative and its members against any damage, liability, or loss (including, without limitation, reasonable attorney's 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 Cooperative arising out of any act or omission of the Cooperative or Purchaser occurring before or after the sale of property of the Cooperative to the Purchaser.

Section 10.04 - Required Disclosure

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

- (a) that information as required by Section 77-4-237, 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 Cooperative including, but not limited to:
 - (1) Resale of any of the property of the Cooperative;
 - (2) Termination of employment of persons employed by the Cooperative;
 - (3) Changes in benefits of employees of the Cooperative under any employee benefit plan;
 - (4) Changes in rates for electricity to be charged in the service area served by the Cooperative; and
 - (5) Any reduction in service, change in service area, or requirements as to minimum charges which would affect members of the Cooperative;
- (c) An opinion of counsel to the Purchaser setting forth the tax consequences of the acquisition to the Cooperative 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 property of the Cooperative.

Section 10.05 - Competing Bid Disclosure

Any competing bids given to the Cooperative members of the proposed purchase shall include any other offers to purchase received from any lender of the Cooperative or any generation and transmission cooperative of which the Cooperative is a member and shall include the terms of the offer and such other information as the lender or generation and transmission cooperative 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 Cooperative that is not affected 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 Sections 10.03, 10.04, and 10.05, or in any other communication with the members of the Cooperative, 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 Cooperative and its members for any damages incurred thereby, including, but not limited to, the difference in the consideration paid for the property of the Cooperative 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 Cooperative.

Section 10.07 - Non-application to Consolidation

The provisions of Section 10 do not apply to the consolidation of cooperatives effectuated pursuant to Mississippi Code Ann. 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 Cooperative may become a member of any and all other organizations as two-thirds(2/3) the Board of Directors may determine shall be to the best interest of the Cooperative, and the directors shall have full power and authority to authorize the Cooperative to purchase stock in or to become a member of any corporation or cooperative organized on a nonprofit basis for the purpose of engaging in rural electrification, industrial, or economic development, or other worthwhile non-profit endeavors. The Cooperative may make contributions to non-profit, charitable, or civic organizations or drives, and the Board of Directors may, by resolution or order, authorize the General Manager to act for the Cooperative in this regard. The directors shall also have full power and authority to subscribe for and on behalf of the Cooperative, on an annual basis or otherwise to "Mississippi EPA News" 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 Cooperative shall begin on the first day of July each year and end on the last day of June the following year.

Section 11.04 - Seal

The corporate seal of the Cooperative shall be in the form of a circle and thereon shall be inscribed the name of the Cooperative 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 Cooperative meetings, including committee meetings which may be duly established by the Board of Directors, except to the extent such procedure is otherwise determined by law or by the Cooperative's Certificate of Incorporation or these bylaws.