

## SOUTHERN PINE ELECTRIC COOPERATIVE

The mission of Southern Pine Electric's Board of Directors and employees is to enhance the quality of life of our members and community by safely providing reliable electric energy at an affordable price.

### BYLAWS

### ARTICLE I

### MEMBERS

Section 1.01. Qualifications, Applications and Obligations. (a) Any person, firm, cooperative, partnership, corporation, or body politic may become a member of Southern Pine Electric Cooperative, herein called "Cooperative" by:

- (1) Making an application thereof; 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 Certification 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. Provided, however, that no person, firm, cooperative, partnership, corporation, or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members.

(b) All applications received more than sixty (60) 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, partnership, cooperative, 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 form as is provided therefor 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, or contribution in aid of construction that 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.

If a membership application shall be accompanied by a service security deposit, then in such event, the Cooperative shall pay interest on the deposited amount by crediting the member account[s] at the annual interest rate published by the Public Service Commission of the State of Mississippi for such period as the Cooperative holds the deposit.

(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 deposit, 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.

(e) Any person or legal entity, prior to being accepted as a member of the Cooperative, shall pay to the Cooperative any and all amounts owing the Cooperative for service previously rendered to such member or entity, notwithstanding such service may have been rendered at a different location than that applied for, or rendered such member or entity under a different name or identity.

Section 1.02. 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 therefor monthly at the applicable rate schedule which shall from time to time be fixed by the Board of Directors. It is expressly understood that amounts paid for electric energy in excess of the operating costs and expenses of providing service are furnished by members as capital, and each member may be credited with the capital so furnished as provided in these bylaws.

The 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 application 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.
- (c) All accounts or amounts owed to the Cooperative by the member or applicant, notwithstanding such service has been rendered at another or separate location than such member or applicant's residence or business.
- (d) The non-payment of any account by a member, whether such separate account owned by the member be residential, agricultural, poultry related, commercial or business, shall render all accounts of such member, wherever located, to be delinquent and therefore subject to all rules, regulations and penalties adopted by the Cooperative for delinquent accounts.

Applicants will furnish sufficient identification, including social security number or tax identification number to verify their identity and any previous addresses required by the Cooperative.

Section 1.03. 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 1.04. Wiring of Premises: Responsibility Therefor; 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 specifications of the Mississippi Insurance Underwriters Association, 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 member 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 (1) from a malfunctioning of its metering equipment or (2) from any overcharge error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative extend beyond the point of delivery. Each member shall pay all penalties levied by the Cooperative against the member for any act or acts that should interfere with, impair the operation of, or damage the Cooperative's physical facilities, as referred to above.

Section 1.05. 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, without any charge therefor, grants of easements or rights-of-way over, on and under such lands owned or occupied by the member; and, in accordance with such reasonable terms and conditions, as the Cooperative shall require for the furnishing of electric service to him or other members for the construction, extension, improvement, operation, maintenance or relocation of the Cooperative's electric facilities.

Section 1.06. Non-Liability for Debts 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 the failure, after the expiration of the initial time limit prescribed in a specific written notice of suspension 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 noncompliance is given. Payment of all amounts due the Cooperative, including any additional charges required for service reinstatement, and/or cessation of any other noncompliance with his membership obligations within a final time limit provided in such notice or rules and regulations shall automatically reinstate the membership in which event the member shall thereafter be entitled to receive electric service from the 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 any new application therefor duly approved as provided in Section 1.04. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed membership as it determines to be reasonably necessary to assure the applicant's compliance with all his membership obligations.

Section 2.03. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the 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. The death of an individual human member shall automatically terminate membership. The cessation of the legal existence of any other type of member [corporate, industrial, etc.] 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 members 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 Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such person from membership obligations as to entitle him to purchase from any other source any central station's electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such membership.

Section 2.06. Board Acknowledgment of Membership Termination, Acceptance of Member Retroactively. Upon the termination of a person's membership for any reason, the Board of Directors as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Cooperative ceased furnishing electric service to such person. In the event the Cooperative acquires facilities, which are already providing electric service 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.

### ARTICLE III

#### MEETINGS OF MEMBERS

Section 3.01. Annual Meeting. For the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the second Thursday of the month of November of 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 Meetings. Special meetings of the members may be called by a majority of directors or upon written request signed by at least ten percent (10%) of the members and it shall thereupon be the duty of the Secretary to cause such 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 seven (7) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, 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 requires the affirmative votes of at least a majority of the members. If mailed such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of any annual or special meeting of the members shall not invalidate any action that 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 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 Chairman of the Board of Directors of the Cooperative or his designee 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 limitation, adjourning said meeting to another time or place. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who registered as present in person.

Section 3.05. Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. A member may vote in person or by proxy. At a meeting of the members where directors are to be elected, all members present in person or by proxy may cast one vote for each director to be elected in their favor, pursuant to Section 3.07 of these bylaws. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Certificate of Incorporation or these bylaws. Members may not cumulate their votes.

Except as otherwise provided in these Bylaws or by the Board of Directors, a member may vote or act in person or by proxy, transmitted by mail or electronically, on actions being considered at the annual membership meeting upon the Cooperative delivering ballots to each member entitled to vote on the matter.

Section 3.06. Proxies. At all meetings of the members, a member may vote by proxy executed in writing by the member, subject to the provisions hereinafter set forth, provided, however, any member holding and intending to vote a proxy must file the executed proxy at the Cooperative's headquarters, not less than three (3) days prior to the meeting. The proxy must have entered thereon the account number of the individual member appointed to vote the proxy, except when such proxy authorizes the Board of Directors to vote for the member as hereinafter provided. 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 15 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. A standard proxy form shall be used which identifies the member by name and account number, in order to assure authenticity and facilitate the tabulation of votes. If the proxy form of a member is lost, stolen, or destroyed, the Cooperative shall furnish the member with a replacement proxy form upon request, provided that the member executes a revocation of the lost, stolen or destroyed form, to be witnessed by an employee of the Cooperative. Blank proxy forms will not be distributed in bulk to any member. Only the proxy form issued by the Cooperative shall be valid.

Section 3.07. Representative Voting. 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; and (b) a trustee, steward, deacon or pastor duly authorized in writing may represent and cast the vote of a church; (c) a school trustee, principal, or superintendent duly authorized in writing may represent and cast the vote of a school; and (d) and any other cooperative or organization not a legal entity may be represented by and have the 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.

Section 3.08. Order of Business. The order of business at the annual meeting of the members and, so far as practicable, at all other meetings of the members shall be essentially as follows,

except as otherwise determined by the Chairman of the Board of the Cooperative or his designee 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) Receive report of Credentials and Election Committee.  
(d) 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 of the powers of the Cooperative except such as are by law, by the Articles of Incorporation of the Cooperative, or by these bylaws conferred upon or reserved to the members.

Section 4.02. Counties. In order to assure equitable representation of the geographical areas of the Cooperative on the Board of Directors of the Cooperative, one (1) of the directors of the Cooperative shall be a resident of each of the Counties of Copiah, Covington, Newton, Scott, Simpson, Forrest, Jasper, Jefferson Davis, Smith, Lawrence and Rankin Counties, Mississippi.

Section 4.03. Tenure and Qualifications. (a) At each annual meeting of the members, directors shall be elected by ballot, by and from the membership of the Cooperative, one director to be elected from each of the counties of Copiah, Covington, Newton, Scott, Simpson, Forrest, Jasper, Jefferson Davis, Smith, Lawrence and Rankin Counties, Mississippi, each director to be elected for a term of three (3) years, in accordance with the following formula, to-wit:

- (1) At the annual meeting of November 1984, and every three (3) years thereafter, one director shall be elected from each of the counties of Copiah, Covington and Newton Counties, Mississippi, each of whom shall serve for a term of three (3) years from the date of election as provided by law.
- (2) At the annual meeting of November 1985, and every three (3) years thereafter, one director shall be elected from each of the counties of Scott, Simpson, Forrest and Jasper

Counties, Mississippi, each of whom shall serve for a term of three (3) years from date of election as provided by law.

- (3) At the annual meeting of November, 1986, and every three (3) years thereafter, one director shall be elected from each of the counties of Jefferson Davis, Smith, Lawrence and Rankin Counties, Mississippi, each of whom shall serve for a term of three (3) years from the date of election 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, the Credentials and Election Committee shall determine the manner in which votes are to be cast and counted.

At any meeting, ballots shall not be necessary in the event the number of persons nominated for directors does not exceed the number of directors to be elected, but in such case if there be no objections, 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 county from which they are to be elected for six months 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, and not be a close relative as defined in Section 4.08 of an incumbent director, or the director being replaced. However, the operating or chief executive officer of any member which is not a natural person, such as a corporation, church, etc., or its designee, shall, notwithstanding that they do not receive service from the Cooperative, be eligible to become a director, from the county in which such member is located, if they be so designated.

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

(2) Is a permanent resident within the county where such member is served by the Cooperative; provided further, that no more than one (1) such person may serve on the Board of Directors at the same time.

(f) No person shall be eligible to become or remain a director of, or to hold any other position of trust in the Cooperative, unless such person has the legal capacity to enter into a binding contract.

(g) No employee of the Cooperative shall be eligible to become or remain a director of the Cooperative.

(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 position from such person, or to cause them to be removed therefrom, as the case may be.

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

Section 4.04. Committee on Nominations; Credentials and Elections. (a) Committee on Nominations. It shall be the duty of the Board of Directors to appoint, at its regular August meeting of each year, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to ensure equitable geographic representation. No existing Cooperative employee, agent, officer, director or unknown candidate for director, may serve on such committee. The committee shall receive and consider nominees submitted by the members of the Cooperative. The committee shall meet at a time and place set by the Board of Directors. The committee shall prepare and post at the principal office of the Cooperative within fifteen (15) days after the date of their appointment a list of nominations for directors. The Secretary shall mail with the notice of the membership meeting a statement of the number of directors to be elected and showing separately those candidates nominated by the Committee on Nominations and those candidates nominated by petitions, which have been received on, or prior to the second Thursday of September of the year of such meeting. Any fifty (50) members acting together may make nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations by the committee is posted. Any petition or nomination shall be submitted on a form designated and provided by the Cooperative. Each member signing such petition shall place thereon the date of signing, address

and account number of the member. At the membership meeting, the Chairman shall call for additional nominations from the floor. No member may nominate more than one candidate.

(b) Credentials and Election Committee. It shall be the duty of the Board of Directors to appoint at its regular September meeting of each year a Credentials and Election Committee, consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to ensure equitable geographic representation. Said committee shall have the same qualifications as required for the Committee on Nominations as provided in paragraph (a) above. 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 tabulate 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 responsibilities, 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, 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.

(c) In the event of any meeting of the members at which directors shall not be elected, the Board of Directors shall appoint a Credentials and Election Committee to be appointed in the same manner as provided hereinabove 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 by the Chair of the meeting or the Board of Directors. The Chairman of the Board, or the Chairman's designee, shall preside at and conduct all meetings of the Members with full authority to refer any questions deemed appropriate by the Chairman of the Board of Directors or designee to the aforesaid committee for decision.

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

Section 4.05. Removal of Directors and Officers. Any member for just cause may bring charges against an officer or director by filing them with the Secretary, together with a petition signed by ten 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 while in the performance of official duties, and/or final conviction of a felony or misdemeanor involving moral turpitude. 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. No officer or director may be removed except for “just cause” shown.

Section 4.06. Vacancies. Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a person meeting the qualifications of Section 4.03, and elected by a majority vote of the remaining directors, and the directors thus elected shall serve the unexpired terms of the directors so replaced and until their successors shall have been elected and shall have qualified. 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 determine, in their sole judgment, that such failure did not occur for justifiable cause; or (2) the director, as determined in their sole judgment by at least two-thirds of the remaining directors, has become incapable of performing the duties of a director and such incapability is not likely to cease within a reasonable time; or (3), such director is no longer a bona fide resident of the County such director was elected to represent, and the Board finds such change of residence is permanent; or, (4) such director is adjudged by a least two-thirds of the remaining directors to be guilty of official misconduct, gross negligence while in the performance of official duties, and/or of final conviction of a felony or misdemeanor involving moral turpitude.

Section 4.07. Compensation, Reimbursement, Employment of Relatives.

- (a) Directors shall be entitled to compensation for time spent and to reimbursement for expenses incurred by them in the performance of their duties. Compensation of directors shall be in such amounts as may be authorized by the Board of Directors from time to time. Reimbursement to directors for expenses incurred while performing duties as such may be made either (1) by payment of the actual amount of such expenses upon presentation of an itemized account therefor, or (2) by the payment of such fixed sum for each occasion involving the performance of duties for the Cooperative as may be authorized and deemed reasonable by the Board of Directors.
- (b) No close relative of any director shall receive compensation for serving the Cooperative unless the relative

- (1) Has been in the regular employ of the Cooperative for at least ninety (90) days immediately preceding the time the director to whom they are related became a director; or
- (2) Performs services certified by the Board as an emergency measure, or
- (3) Receives compensation by authorization of the membership.

Section 4.08. “Close Relative” Defined. As used in these bylaws, “close relative,” means a person who by blood or marriage, including step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew or niece of the principal.

Section 409. 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 Utilities Service of the United States of America, the National Rural Utilities Cooperative Finance Corporation, and the Mississippi Public Service Commission, and subject to all applicable laws, rules and regulations of any lawful regulatory body. A complete audit of the accounts, books and financial condition of the 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 therefor.

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 any amount reasonably 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) Actions 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, officer, or manager but need not be secured and may be accepted without reference to financial ability to make repayment.

(D) There shall be no indemnification of any director, officer or employee of the 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 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 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 eleven (11) members of the Cooperative 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 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 and directors, and shall inure to the benefit of their heirs and legal representatives.

Section 4.12. At-Large Directors. The Board of Directors of the Cooperative [hereinafter “Board”] may, in its discretion, appoint no more than three (3) At-Large Directors of the Cooperative to serve for such term of office as shall be fixed by the Board from time to time. At-Large Directors shall be appointed at a regular meeting of the Board. At-Large Directors shall be bona fide residents within the certificated area of the Cooperative, shall have the same qualifications as are required of the Board; and shall be vested with all the privileges, immunities and responsibilities of the Board, except that no provision of this Article IV of the bylaws with reference to tenure and election of members of the Board shall apply to At-Large members.

## ARTICLE V

### MEETINGS OF DIRECTORS

Section 5.01. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this bylaw, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Smith County, Mississippi, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof. Provided further, that, the President may change the date, time or place of a regular monthly meeting for good cause and 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 nonmembers except upon express invitation of the Board. Executive sessions which are not open to members may be held when the Board of Director discusses any of the following:

- (1) Transactions 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 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 Cooperative facilities;
- (8) Discussion of such terms of employment or termination of employees;
- (9) Discussion of such matters as would be recognized by the courts as legally privileged; and
- (10) Any other business that the Board in its discretion deems to be 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 members 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 Chairman of the Board or acting Chairman of the Board of Directors may limit the format and length of any member or nonmembers' 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 Chairman of the Board of Directors or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

(b) Special meetings may be held via electronic conference call, without regard to the actual location of the directors at the time of such 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 three (3) days previous thereto, by written notice, delivered personally, electronically, or mailed to each director at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail in a sealed envelope so addressed, with postage thereon prepaid. The attendance of the director at any meeting shall constitute a waiver of notice of such meeting, 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 electronically or by telephone and/or delivered to the directors' last known address to convene a special meeting of the board.

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

## ARTICLE VI

### OFFICERS

Section 6.01. Number. The officers of the Cooperative shall be a President and Chief Executive Officer, Chairman of the Board of Directors, Vice-Chairman of the Board of Directors, Secretary and Treasurer, and other such officers, including an Executive Vice-President as deemed desirable by the Board of Directors. The same person may hold the offices of Secretary and of Treasurer. The Board of Directors may not fill the office of Executive Vice-President in any given year.

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 and Chief Executive Officer. The same person shall hold the office of President and Chief Executive Officer. The President and Chief Executive Officer shall have full power to implement all duties, responsibility, and authority vested in him by the Board of Directors, inclusive of operations and administration of the day-to-day operation of the Cooperative and its affairs.

Executive Vice-President: The Executive Vice-President shall perform such duties as from time to time may be assigned by the Board of Directors. The Board of Directors may not fill the office of Executive Vice-President in any given year.

Chairman of the Board of Directors. The Chairman of the Board:

- (a) Shall preside at all meetings of the Board of Directors and all meetings of the members; provided, that the Chairman of the Board shall have the authority to appoint any member of the Cooperative to serve as chairperson of any special or regular meeting of the members, such chairperson to have all duties and responsibilities of the Chairman of the Board 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 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 ex officio member of all committees except the Committee on Nomination and the Credentials and Election Committee; and
- (d) In general shall perform all duties incident to the office of Chairman of the Board of Directors and other such duties as may be prescribed by the Board of Directors from time to time.

Section 6.06. Vice-Chairman of the Board of Directors. In the absence of the Chairman of the Board, or in the event of an inability or refusal to act, the Vice-Chairman of the Board of Directors shall perform the duties of the Chairman of the Board, and when so acting, shall have

all the powers of and be subject to all the restrictions upon the Chairman of the Board. The Vice-Chairman 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 corporate 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 as from time to time may be assigned by the Board of Directors.

Section 6.08. Treasurer. The Treasurer shall be responsible for:

- (a) Custody of all funds and securities of the Cooperative;
- (b) The receipt and 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 the 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' duties to one or more agents, other officers or employees of the Cooperative who are not directors.

Section 6.10. President and Chief Executive Officer. The Board of Directors shall appoint a Chief Executive Officer, who may be, but shall not be required to be a member of the Cooperative, and who shall also be designated President. Such officer shall from time to time perform such duties as the Board of Directors may require and shall have such authority as the Board of Directors may vest in him.

Section 6.11. Bonds. The Board of Directors in its discretion may require any officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it may determine. The costs of all such bonds shall be borne by the Cooperative.

Section 6.12. Compensation. The Board of Directors shall, from time to time, fix, amend, or increase the compensation of the President and Chief Executive Officer. The wages and salaries of all employees of the Cooperative not subject to collective bargaining shall be fixed by the Chief Executive Officer, subject to the approval of the Board of Directors. The wages and salaries of all employees subject to collective bargaining shall be fixed by the Negotiating Committee, subject to the final approval of the Board of Directors. The Board of Directors shall fix, amend, or increase the compensation of the Executive Vice-President if the office be filled.

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 instrument in the name of or on behalf of the Cooperative, and such authority may be general or confined to specific business.

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 Chief Executive Officer or other employee as designated by the Board and in such manner as shall from time to time be determined by 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 1972, Annotated, Section 77-5-247.

## ARTICLE VIII

### NON-PROFIT OPERATION

Section 8.01. Interest or Dividends on Capital Prohibited.

The Cooperative shall at all times be operated on a cooperative non-profit 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.

- (a) 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 non-profit basis the Cooperative may account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of total operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by patrons as capital. The Cooperative may pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative may be set up and kept in such a manner that at the end of the fiscal year the amount of capital, if any, so furnished by the patron is clearly reflected and credited in an appropriate record to the capital account of each patron.
- (b) All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash pursuant to a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.
- (c) All other amounts received by the Cooperative from its operations in excess of the costs and expenses shall, insofar as permitted by law, be (1) used to offset any losses incurred during the current or any prior fiscal year and (2) to the extent not so allocated shall be included as part of the capital credited to the accounts of patrons, as herein provided.
- (d) In the event of a bid or proposal of purchase of most or all of the assets of the Cooperative, outstanding capital credits will be calculated and set up on the books of the Cooperative as an outstanding indebtedness against the Cooperative, to be assumed by the prospective purchaser.
- (e) If, at any time prior to the dissolution or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part. Provided, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the account of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing electric service to the Cooperative. When capital credited to the account of the Cooperative is retired by an organization furnishing electric service to the Cooperative, any funds returned to the Cooperative will be distributed to the membership of a pro rata basis based on the patronage during the years when the capital was credited to the account of the Cooperative.

- (f) Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instructions from the assignor and only to successors in interest or successors in occupancy in all or part of such patrons' premises served by the Cooperative unless the Board of Directors, acting under policies of general application shall determine otherwise.
- (g) The Cooperative, before retiring any capital credited to any patrons' account, shall deduct therefrom any amount owing by such patron to the Cooperative.

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 rata basis before any payments are made on account of property rights of members.

- (b) The remaining liquidation proceeds, if any, shall be distributed ratably among all members 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.

Section 8.05. Retirement of Capital Credits. The Cooperative may retire those capital credits that have accrued to a member in such a manner as provided by the Board of Directors.

## 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 Chief Executive Officer 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 Chief Executive Officer 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 LEASE 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 nor useful in operating and maintaining the Cooperative's system in which in one (1) year shall not exceed ten percent (10%) in value of all the property of the Cooperative, or
- (b) Merchandise.

And, the Board of Directors, without authorization of the members, shall 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, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wheresoever 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 of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to a national financial institution, organized on a cooperative plan for the purpose of financing its members' programs, projects and undertakings, in which the Cooperative holds membership.

Section 10.02. Vote Required.

- (a) For property of the Cooperative to be sold, leased, or disposed of other than as provided in Section 10.01, 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 14A4. 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 in 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 of 1972, must be met, and in addition to 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 of 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 Cooperative as required by Section 77-5-237, Mississippi Code of 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 77-5-237, Mississippi Code of 1972;
- (b) Any plans or proposal of the Purchase 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 Purchase 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 the 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 effected in strict compliance with the provisions of Section 77-5-237, Mississippi Code of 1972, and the provisions of Section 10.03 and 8.02(e) of these bylaws shall be void. Any Purchaser or Affiliate of a Purchaser which in providing the disclosure required by Section 10.03, 10.04 and 10.05, or in any other communication with the members of the 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 Article X do not apply to the consolidation of cooperatives effectuated pursuant to Mississippi Code of 1972, Annotated, Section 77-5-217.

Section 10.08. Severability. If any section of Article X, 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. Memberships in Other Organizations. The Cooperative shall upon a two-thirds (2/3) vote of the Board of Directors have full power and authority to purchase stock in or to become a member of any corporation or cooperative organized on a non-profit basis for the purpose of engaging in rural electrification, industrial or economic development, or other worthwhile non-profit endeavors. The directors shall also have full power and authority to subscribe for and on behalf of the Cooperative, on an annual basis or otherwise to “Today in Mississippi,” published by the Electric Cooperatives of Mississippi, and any and all other publications as may be determined by the directors, and payment for such publication subscriptions shall be made of and from funds accruing in each member’s favor. The Cooperative may contribute to non-profit, charitable or civic organizations or drives, and the Board of Directors may, by resolution or order, authorize the Chief Executive Officer to act for the Cooperative in this regard.

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.

Section 11.03. Fiscal Year. The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the last day of December of the same year.

Section 11.04. Seal. The Corporate seal of the 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 such 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 that 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.

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**OF**  
**SOUTHERN PINE ELECTRIC COOPERATIVE**  
**[Adopted July 13, 2017, As Amended]**

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