

Association By-Laws

Coast Electric Power Association
“Power, Performance, People”

**Coast Electric Power Association
Hancock County, Mississippi**

**BY-LAWS
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Coast Electric Power Association
Hancock County, Mississippi

BY-LAWS

ARTICLE I
MEMBERS

Section 1.01. Qualification, Applications and Obligations

- (a) Any natural person, firm, association, corporation, business trust, partnership, or body politic may become a member of Coast Electric Power Association, herein called “Association” by:
- (1) Making a written application therefor in accordance with Association’s Service Rules and Regulations, and
 - (2) Furnishing sufficient identification to verify identity to the satisfaction of Association, and
 - (3) Paying the membership fee hereinafter specified; and
 - (4) Agreeing to purchase from the Association electric energy as hereinafter specified; and
 - (5) Agreeing to comply with and be bound by the Certificate of Consolidation of the Association and by these by-laws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors.
 - (6) Even if a person has not submitted a written application, it is understood and agreed that the receipt of service by any person shall constitute application and membership in the Association until a written contract is executed between the parties.
- (b) All applications received for membership will be considered by the Board of Directors at the next scheduled Board Meeting if such application is received with sufficient time to be added to the agenda. No member may hold more than (1) membership in the Association.
- (c) With respect to any particular classification of service for which the Board of Directors shall require it, such application shall be accompanied by a supplemental contract, executed by the applicant on such form as is provided therefore by the Association. The membership application shall be accompanied by any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Association, which fee (and such service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction if any) shall be refunded in the event the application is not approved. Any former member of the Association may, by the sole act of paying a new membership fee and any outstanding account with interest (together with any service security deposit, service connection deposit or fee, facilities extension deposit, or contribution in aid of construction that may be required by the Association), renew and reactivate any prior application for membership to the same effect as though the application had been newly made on the date of such payment.

- (d) The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, or service connection deposit or fee, facilities extension deposit, or contribution in aid of construction, or any combination thereof, if required by the Association) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Association (together with a service security deposit, a facilities extension deposit or contribution in aid of construction, if required by the Association), shall be paid by the member for each additional service connection requested by the member if so required by the Association.

Section 1.02. Joint Membership

Married couples will be accepted into the membership as joint members, unless otherwise specified in the application for membership. Either spouse may make application for the other if receiving service at the same connection. If one of them is already a member, they may if so desired, convert such membership into a joint one upon notice to the Association. The words “member”, “applicant”, “person”, “his”, “her,” and “him”, as used in these bylaws, shall include spouses 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 of a proxy by either or both shall constitute one joint proxy; provided, that if both shall execute a proxy, but be in disagreement on such vote, each shall constitute only one-half (1/2) vote;
- (b) The presence at a meeting of either or both shall constitute the presence of one member and a joint waiver of notice of the meeting and a revocation of any proxy executed by either or both, pursuant to Section 3.07 of these bylaws;
- (c) The vote of either or both shall constitute, respectively, one joint proxy: provided, that if both present are in disagreement on such vote, each shall cast only one-half (1/2) vote;
- (d) Notice to, or waiver of notice signed by, either or both shall constitute, respectively a joint notice or waiver of notice;
- (e) Suspension or termination in any manner of either shall constitute, respectively, suspension or termination of the joint membership except as provided by Section 2.06;
- (f) Either, but not both concurrently, shall be eligible to serve as a director of the Association, but only if both meet the qualifications required therefore.

Section 1.03. Purchase of Electric Energy

Each member shall, as soon as electric energy is made available, purchase from the Association all electric energy used on the premises, as specified in the member’s application for membership, unless and except such energy is generated from the member’s

own assets and further unless and except to the extent that the Board of Directors may in writing waive such requirement, and shall pay at the applicable rate schedule which shall from time to time be fixed by the Board of Directors. It is expressly understood that amounts paid for electric energy in excess of the operating costs and expenses of providing service are furnished by members as capital, and each member may be credited with the capital so furnished as provided in these bylaws.

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

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

- (a) The account for which electric power service is rendered by the Association, at the location for which application for service is made.
- (b) Subject to the service rules and regulations of Coast Electric Power Association and/or the Public Service Commission, any delinquent account or amount owed to the Association where the members or applicant 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 Association.

Section 1.04. Power Production by Member

Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Association facilities, shall be subject to appropriate regulations as shall be fixed from time to time, by the Association.

Notice of the presence or intent to construct such co-generation facilities upon the premises shall be given to the Association. Compliance with the National Electrical Safety Code and the National Electrical Code shall be met before any interconnection with the Association facilities may be allowed.

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

Each member shall cause all premises receiving electric service pursuant to this membership to become and to remain wired in accordance with the specifications of the Mississippi Insurance Underwriters Association, the National Electrical Code, the National Electrical Safety Code, any applicable state code or local government ordinances, and the Association, it being understood and agreed that the connection by the Association to the member's premises shall not in any way or manner constitute the Association's approval of the member's wiring or the safety or adequacy of the same. The Association shall have no duty to inspect, approve or disapprove any wiring and/or equipment of the member.

Each member shall be responsible for and shall indemnify the Association and its directors, officers, employees, agents, and independent contractors against death, injury, loss, damage, or claims resulting from any defect in or improper use or maintenance of such premises and all wiring apparatus connected thereto or used thereon. Each member shall make available to the Association a suitable site, as determined by the Association, whereon to place the Association's physical facilities for the furnishing and metering of electric service and shall permit the Association's authorized employees, agents and independent contractors to have access thereto for meter reading and for inspection, operation, maintenance, replacement, relocation or repair of such facilities at all reasonable times. As part of the consideration for such service, each member shall be the Association's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of, or causing damage to such facilities, and shall use his or her best efforts to prevent others from doing so.

Each member shall also provide such protective devices to their premises, apparatus or meter base as the Association shall from time to time require in order to protect the Association's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation, or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Association and its directors, officers, employees, agents and independent contractors against death, injury, loss, damage, or claims resulting therefrom, including, but not limited to the Association's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment.

The Association shall, however, in accordance with its applicable service rules and regulations, adjust the account of the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Association's billing procedures. Pursuant to Section 77-5-259, Mississippi Code, no collection, reimbursement, or other relief may be awarded for overbillings occurring more than six years prior to the date of the member's written claim to the Board of Directors. In no event shall the responsibility of the Association extend beyond the point of delivery.

Section 1.06. Member to Grant Easements

Each member, if legally able, shall, upon being requested to do so by the Association, execute and deliver to the Association grants of easement or right-of-way over, on and under such lands owned or occupied by the member, in accordance with such reasonable terms and conditions, as the Association shall require for the furnishing of electric service to the member or other occupants, or for the construction, extension, improvement, operation, maintenance or relocation of the Association's electric facilities.

Section 1.07. Non-Liability for Debts of the Association

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

ARTICLE II

MEMBERSHIP SUSPENSION AND TERMINATION

Section 2.01. Suspension; Reinstatement

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

Section 2.02. Termination by Expulsion; Renewed Membership

Upon failure of a suspended member to be automatically reinstated to membership as provided in Section 2.01, the member may, without further notice, but only after due hearing if such is requested by the member, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any person so expelled may, by delivering written notice to that effect to the Association at least ten (10) calendar days prior to the next meeting of the members, appeal to and be present and heard at said meeting, at which members 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 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 membership obligations.

Section 2.03. Withdrawal of Membership

Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Association and upon compliance with such terms and conditions as the Board of Directors may prescribe, thus terminating membership and service.

Section 2.04. Termination by Death or Cessation of Existence, Continuation of Membership in Remaining or New Partners

Except as provided in Section 2.06, the death of an individual member shall automatically terminate the membership. Except for a joint member, any individual who continues to

reside at a location that was previously receiving service in the name of the decedent may succeed to the membership upon application therefor subject to the provisions of Section 1.01. 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 had different partners; provided further, that neither a withdrawing partner nor his or her estate shall be released from any debts then due the Association.

Section 2.05. Effect of Termination

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

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

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

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

Upon the termination of a member's membership for any reason, the Board of Directors as soon as practicable after such termination is made known to it, shall by appropriate resolution formally acknowledge such termination, effective as of the date on which the Association ceased furnishing electric service to such member. Upon discovery that the Association has been furnishing electric service to any person other than a member, it shall cease furnishing service unless such person applies for and the Board of Directors approves, membership retroactively to that date on which such person first began receiving such service; in which event the Association, to the extent practicable, shall correct its membership and all related records accordingly. If the Association acquires facilities

which are already providing electric service to patrons not members of the Association, the Association may, for the purpose of continuing existing service and avoiding hardship, continue to serve the persons served by such facilities at the time of such acquisition without requiring that such persons become members. However, the Association may require such patrons to apply for membership with the Association within a reasonable time by following the provisions set forth in Section 1.01 so that in no event shall such non-member patron revenue exceed fifteen percent (15%) of the total revenue received by the Association.

ARTICLE III MEETINGS OF MEMBERS

Section 3.01. Annual Meeting

For the purpose of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held in November each year, at such place in the county of Hancock of the state of Mississippi, 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 and time for such annual meetings. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Association.

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

Section 3.02. Special Meetings

Special meetings of the members may be called by at least a majority of directors or upon written request signed by at least 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 Hancock County 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 or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) calendar days nor more than sixty (60) calendar days prior to the date of the meeting, either personally, by mail, or electronically, 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 in such notice, no matter may be acted upon at the meeting. If mailed, such notice shall be deemed delivered when deposited in the United States mail, addressed to the member at his or her address as it appears on the records of the Association, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

Section 3.04. Quorum

Ten percent (10%) of the members shall constitute a quorum at a regular or special 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 officer of the Association who is presiding at the meeting may, without a motion, declare the meeting adjourned and closed; or he or she may hold the meeting open for not longer than thirty 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 is present or not, the Secretary may annex to the meeting minutes, or incorporate therein by reference, a list of those members who registered as present in person, and by proxy.

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; each member may vote their own vote plus those proxies executed in their favor, pursuant to Section 3.06 of these bylaws. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Association, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Association's Certificate of Consolidation or these bylaws. Members may not cumulate their votes.

Section 3.06. Proxies

At all meetings of the members, a member may vote by proxy executed in writing and submitted electronically, by mail or in person 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 Association's headquarters, not less than five (5) business days prior to the meeting. The proxy must have entered thereon the account number of the member appointed to vote the proxy. If one person shall receive electric service through two (2) or more meters at different premises, he or she shall be entitled to not more than one (1) vote at any meeting of the members, in accordance with the Certificate of Consolidation of the Association. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No person shall vote as proxy for more than one hundred (100) 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 by either spouse. The timely presence of either spouse 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 at such meeting in the same manner and with the same effect as if a proxy had not been executed. A standard proxy form which identifies the member by name and account number shall be used in order to ensure authenticity and facilitate the tabulation of votes. If the proxy form of a member is lost, stolen, or destroyed, the Association shall furnish the member with a replacement proxy form upon request, provided that the member executes a revocation of the lost, stolen or destroyed form, to be witnessed by an employee of the Association. Blank proxy forms will not be distributed in bulk to any member. Only the proxy form issued by the Association shall be valid.

Section 3.07. Representative Voting

Legal entity organizations and non-legal entity organizations which are members of the Association may be represented at any meeting of the members and may vote only as follows: (a) any director, officer or President duly authorized in writing may represent and cast the one vote of a corporation; (b) a trustee, steward, deacon, clerk or pastor duly authorized in writing may represent and cast the one vote of a church; (c) a school trustee, principal or superintendent duly authorized in writing may represent and cast the one vote of a school; (d) and any other association or organization not a legal entity may be represented by and have its one vote cast by any person duly authorized in writing who is a trustee, manager or part owner, or any officer of such association or organization.

Section 3.08. Order of Business

The order of business at the annual meetings of the members and, so far as practicable, at all other meetings of the members shall be essentially as follows, except as otherwise determined by such officer of the Association or his or her 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(s) 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) Report of Committee on Nominations
(b) Presentation by Secretary of petitions filed and posted for the nominations of directors
(c) Election of director
6. Unfinished business
7. New business
8. Adjournment

ARTICLE IV **DIRECTORS**

Section 4.01. General Powers

The business and affairs of the Association shall be managed by a Board of Directors consisting of nine (9) directors, an equal number from: Hancock, Harrison and Pearl River counties, which shall have all of the powers and rights permitted by Title 77, Chapter 5 of the Mississippi Code. The Board of Directors shall exercise all of the powers of the Association except such as are prohibited by law, or by the Certificate of Consolidation of the Association, or by these bylaws, conferred upon or reserved to the members.

Section 4.02. Positions

- (a) Each county shall have three (3) members of the Board of Directors, each holding a status as Director of Position One, Two, or Three. The members shall elect from among the members of the Association one member to the Board of Directors for each of the three (3) Positions of the three (3) counties.
- (b) The persons named as directors in the Certificate of Consolidation of the Association shall compose the Board of Directors until the first annual meeting, or until their successors shall have been duly elected and shall have qualified. Each board member shall represent, and be a bona fide resident of; one of the three counties described in Section 4.01 of this Article IV, and shall be elected in conformance with procedures as hereinafter described except that the term of office for each will be as follows:
 - (1). The board members representing Positions 1 of Hancock, Harrison and Pearl River Counties, Mississippi shall be subject to election for a three year term at the annual meeting to be held in the year 1973 or until their successors shall have been duly elected and shall have qualified.
 - (2). The board members representing Positions 2 of Hancock, Harrison and Pearl River Counties, Mississippi shall be subject to election for a three year term at the annual meeting to be held in the year 1974 or until their successors shall have been duly elected and shall have qualified.
 - (3). The board members representing Positions 3 of Hancock, Harrison and Pearl River Counties, Mississippi, shall be subject to election for a three year term at the annual meeting to be held in the year 1975 or until their successors shall have been duly elected and shall have qualified.
 - (4). Beginning with the Annual meeting to be held in the year 1976, and at each such meeting thereafter, three board members shall be elected for a three year term to fill vacancies caused by expiration of the incumbents' terms of office.

The required number of directors shall be elected at each annual meeting of the members, but such directors so elected shall take office at the regular January meeting of the Board of Directors of the year next following their election.

Section 4.03. Tenure & Qualifications

- (a) At each annual meeting of the members, one-third (1/3) of the total number of directors shall be elected by ballot, by and from the members, to serve for a term of three (3) years as provided by law. If the election of directors shall not be held at the annual meeting, or if such annual meeting is not held, each director shall hold office until his or her successor shall have been elected and qualified.
- (b) At any meeting, ballots shall not be necessary in the event the number of persons nominated for directors does not exceed the number of directors to be elected, but in such case, if there be no objection, the directors may be elected in other proper manner. Drawing by lot shall resolve, where necessary, any tie votes. If an election of directors shall not be held on the day designated for the annual meeting, a special meeting of the members may be held for the purpose of electing directors within a reasonable time thereafter.
- (c) No person shall be eligible to become or remain a director who:
 - (1) Is not a member of the Cooperative by virtue of membership held in his or her name as a natural person receiving electric service at his or her residence in the county from which he or she is elected;
 - (2) Does not have the legal capacity to enter into a binding contract or who is not physically or mentally able to discharge the duties of a director;
 - (3) Is in any way employed by or holds a material financial interest in any of the following:
 - (i) A competing enterprise;
 - (ii) A business selling electric energy;
 - (iii) A business selling substantial amounts of energy or fuel products to the Cooperative;
 - (iv) A major vendor to the Cooperative, including but not limited to, professional consultants, electrical contractors, and businesses whose sales to the Cooperative represent more than one-third (1/3) of its business;
 - (4) Is employed or has been employed by the Cooperative or a subsidiary within the last three (3) years;
 - (5) Is employed by, materially affiliated with, or shares a material financial interest with, any other director;
 - (6) Is an officer or employee of a collective bargaining unit with which the Cooperative has a labor contract;
 - (7) Is a close relative as defined in Section 4.08 or a member of a household of a director of the Cooperative or of a person described in (c), (d), (e), or (f) above;
 - (8) Has been convicted of a felony;

- (9) Had a criminal judgment entered against him or her based on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, or insider trading;
 - (10) Has not provided a criminal background check within ninety (90) days of the election;
 - (11) Has not achieved a High School Diploma or Graduate Equivalency diploma;
 - (12) Has served on the Board for at least two and one half (2½) consecutive years, but who has failed to qualify for and obtain the National Rural Electric Cooperative Association (NRECA) Credentialed Cooperative Director (CCD) designation.
 - (13) Is the incumbent of or a candidate for an elective county, beat, district, school district, municipal or state public office for which a salary is paid.
- (d) In order to be eligible to become or remain a director of the Association, a person must be a member in good standing of the Association and receiving service therefrom at his or her primary residential abode, and not be a close relative as defined in Section 4.08 of an incumbent director, or the director being replaced.

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

- (e) 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 Association lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such positions from such person, or to cause them to be removed there from, as the case may be.
- (f) Nothing in this Section contained shall, or shall be construed to, affect in any manner whatsoever, the validity of any action taken at any meeting of the Board of Directors, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an intent adverse to that of the Association.

Section 4.04. Committee on Nominations, Credentials, and Elections

- (a) Committee on Nominations - It shall be the duty of the Board to appoint, no less than 40 days nor more than 120 days before the date of the meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than 5 nor more than 11 members who shall be selected from different sections so as to

insure equitable geographic representation. No existing Association employees, agents, officers, directors or known candidates for director, or close relatives (as hereinafter defined) or members of the same household of existing Association employees, agents, officers, directors or known candidates for director may serve on such committees. The committee shall receive and consider any suggestion as to nominees submitted by members of the Association. 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 Association at least 30 calendar days before the meeting a list of nominations for board members. The Secretary must mail with the notice of the meeting or separately a statement of the number of board members to be elected and the names and addresses of the candidates nominated by the committee on nominations.

- (b) Nominations by Petition. Any 25 members acting together may make other nominations by petition and the Secretary shall post such nominations at the same place where the list of nominations by the committee is posted provided same is filed with and approved by the Committee on Nominations at least 30 calendar days prior to the Annual Meeting. Any petition for nomination shall be submitted on a form designated and provided by the Association. Each member signing such petition shall place thereon the date of signing, address, account number and service location of the member. Nominations made by petition, if any, received at least 10 days before the meeting shall be included on the official ballot, if filed and approved by the Committee on Nominations, although such nominations shall not be posted at the principal office of the Association. Nominations made by petition, if any, received by the Committee at least 24 hours prior to the meeting date and time, if filed and approved by the Committee, shall not be included on the official ballot but the candidate will qualify as a write-in candidate.
- (c) The Committee on Nominations may also serve as a Credentials and Election Committee or the Board may appoint a separate committee, utilizing the same procedure as the Committee on Nominations. In the event of the failure of the Board to appoint said Credentials and Election Committee, the Chairman or Chair of the meeting pursuant to Section 6.05(a) shall appoint said committee during the forepart of the members meeting. It shall be the responsibility of the committee to pass upon all questions that may arise with respect to the registration and qualifications of members in person or by proxy, the regularity of all Petitions for Nominations of Directors, the qualifications of all nominees for directors, to count all ballots cast in any election or other ballot vote taken, and to rule upon the effect of any ballots irregularly marked. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Association. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of the meeting in which the voting is conducted. The Credentials and Election Committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) business days after such protest or objection is filed. The 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) calendar days after such hearing, render its decision, the result of which

may be to affirm the election, to change the outcome thereof, or to set it aside. The Credentials and Election Committee's decision as reflected by a majority of those actually present and voting on all matters covered by this Section shall be final.

- (d) In the event of any meeting of the members at which directors shall not be elected, the Board of Directors shall nevertheless appoint a Credentials Committee to be appointed in the same manner as provided herein for the Committee on Nominations 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 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 to the aforesaid Committee for decisions deemed appropriate by the Chairman's designee.
- (e) Notwithstanding anything in this Section, failure to comply with any of the provisions of the Section shall not affect in any manner whatsoever the validity of any election of directors.

Section 4.05. Removal of Directors and Officers

Any member for just cause may bring charges against an officer or director by filing them with the Secretary, together with a petition signed by ten percent (10%) of the members, requesting the removal of the officer or director in question. "Just cause" includes but is not limited to: official misconduct, gross negligence and/or final convictions of a felony or misdemeanor involving moral turpitude while in the performance of official duties. The removal shall be voted 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 a meeting as set forth in Section 4.06. The director or officer against whom such charges have been brought shall be informed in writing of the charges prior to the meeting and shall have an opportunity at the meeting to be heard in person, by counsel, or both, and to present evidence; and the person or persons bringing the charges shall have the same opportunity.

Section 4.06. Vacancies

Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a person meeting the qualifications of Section 4.03, and elected by a majority vote of the remaining directors, and the directors thus elected shall serve the unexpired terms of the directors so replaced and until their successors shall have been elected and shall have qualified. 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 likely 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) said director is no longer a bona fide resident of the county said 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 reasonable compensation for time spent and to reimbursement for expenses incurred by them in the performance of their duties. 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 thereof, or (2) by the payment of such fixed sum for each occasion involving the performance of duties for the Association as may be authorized and deemed reasonable by the Board of Directors.
- (b) No close relative of any director shall receive compensation for serving the Association unless the relative
- (1) Has been in the regular employ of the Association 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 is a spouse, father, mother, son, daughter, child, grandchild, parent, grandparent, brother, sister, niece nephew, aunt, uncle, son-in-law, daughter-in-law, mother-in-law, father-in-law, sister-in-law or brother-in-law, including through step and adoptive kin. As used in these Bylaws, "member of a household" means a person who on a fixed, long-term or non-temporary basis, shares living quarters with the person in question.

Section 4.09. Rules and Regulations

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

Section 4.10. Accounting System and Reports

The Association's accounting system shall be generally of the type and form as may from time to time be designated by the Administrator of the Rural Utility Service of the United States of America, and subject to all applicable laws, rules and regulations of any lawful regulatory body. A complete audit of the accounts, books, and financial condition of the Association shall be made as soon as practical after the end of each fiscal year. A report based on such audit may be submitted to the members at the following annual meeting. If deemed practical by the management of the Association, a summary of the financial status of the Association may be published annually, and such summary will be furnished to any member of the Association, but only upon written request made therefore.

Section 4.11. Indemnification and Liability Insurance

- (a) On the terms and conditions hereinafter stated, the Association or its insurer shall

indemnify any director, officer, or employee of the Association, including any former director, officer, or employee of the Association, who is or was a party to, or is threatened to be made a party to any action, suit or proceeding, whether civil, criminal, administrative or investigative, by virtue of their position within the Association, for expenses, claims liabilities, costs, judgments, fines, including attorney's fees reasonably incurred or imposed upon such person in connection with such actual or threatened suit, action, or proceeding if:

- (1) The action complained of was undertaken in good faith; and
- (2) It was in good faith believed that:
 - (i) Actions taken in any official capacity of the Association were in its best interests;
 - (ii) Conduct in any other capacity was at least not opposed to the Association's best interests; and
 - (iii) 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 manager and his staff, and to this end the Association may 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 coverage, and as determined by the Board of Directors.
- (c) The Association may pay for or reimburse the reasonable expenses incurred by a director, officer or manager who is a party to a proceeding in advance of final disposition of the proceeding if:
 - (1) The individual furnishes the Association a written statement of their good faith belief that they have met the standard of conduct described 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 Section 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 repayments.

- (d) There shall be no indemnification of any director, officer or manager or his or her staff of the Association if the Board 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 must affirmatively state that sufficient facts exist to support a finding of non-compliance with the above described standard of conduct. Such an affirmative statement must be made by a majority of board members who are not the object of the action, suit, proceeding or investigation. Should the entire Board be made the object of such action, suit, proceeding or investigation, then there shall be appointed by the Board of Directors of the Association an independent committee made up of 5 to 9 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 manager or his or her staff wherein the individual is judged by the Board of Directors to be guilty of misconduct, gross negligence, or illegal act or acts in the performance of his or her duties.
- (f) The provisions of this Section shall be inapplicable to any action brought by the Association against any officer or director otherwise indemnified hereunder or in connection with any other proceeding charging improper personal benefit to the one so charged, whether or not involving action in an official capacity, in which they are judged liable on the basis that personal benefit was improperly received.
- (g) The provision of this Section shall be applicable to actions or proceedings commenced after the adoption hereof, whether arising from acts or omissions occurring before or after the adoption hereof and to any such officers or directors who should hereinafter cease to be officers and directors, and shall inure to the benefit of their heirs and legal representatives.

ARTICLE V

MEETING OF DIRECTORS

Section 5.01. Regular Meetings

A regular meeting of the Board of Directors shall be held monthly at such time and place at the Association's headquarters in Hancock 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 time and place thereof.

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

- (1) All Board of Directors ("Board") meetings, unless in executive session, shall be open to any member of the Association.
- (2) Non-members may attend meeting of the Board only if specifically invited by the Board of Directors.
- (3) Representative of the news media are not allowed to attend meetings of the Board unless specifically invited by the Board of Directors.
- (4.) No member of the Association may attend an executive session of the Board.

- (5) Any member of the Association may address the Board at a regular meeting regarding any suggestions for better service, grievances, or any other matter affecting the Association, subject, however, to the procedures and limitations set forth herein.
- (6) Any member desiring to address the Board must make a written request to do so at least fifteen (15) calendar days in advance of the meeting. The member's written request to address the Board must state with particularity the subject matter to be addressed, provided all documents and information reasonably necessary to enable the Board to investigate the matter, and, if an alleged grievance is at issue, contain a statement confirming that the member has made a good faith effort to resolve such grievance with the Association's management.
- (7) The President or acting President of the Board may limit the format and length of any presentation made by any member. Unless otherwise approved by the President or acting President, a member's presentation shall not exceed fifteen (15) minutes.
- (8) The Board may limit the number of members permitted to address the Board on the same or a similar subject.
- (9) When any member(s) attends a meeting of the Board, the following procedures and protocol will be followed:
 - (a) Such member(s) shall be seated away from the Board's conference table so that their physical proximity will not impair or interfere with the Board's deliberation and conduct of the business affairs of the Association.
 - (b) If a member's purpose in attending the meeting is to present a specific matter for consideration by the Board, the Board will hear such presentation, including asking questions and discussing the matter as it deems appropriate. However, the Board, may, in its sole discretion, in order to ensure complete, open, and candid discussion among the Board's members, decide not to discuss, respond or take action with respect to such matter or inquiry until after such member(s) has left the Board meeting. In such event, however, the Board shall, after deliberating such matter, promptly notify the member(s) of any action taken or that no action will be taken, as the case may be.
- (10) The Board may defer any presentation by a member to the next scheduled meeting of the Board due to the number of members seeking to address the Board at the meeting.
- (11) It shall be responsibility of the President (or the Vice-President if the President is unable or unavailable) to review member requests and then make recommendations as appropriate and call to the attention of the Board any failure of adherence to this policy.

Section 5.03. Special Meetings

- (a) Special meetings of the Board of Directors may be called by the Chairman or by any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place at the Association's main office in Hancock County, Mississippi, for the holding of any special meeting of the Board of Directors called by them;
- (b) In case of any emergency or unusual circumstances rendering such action expedient, special meetings shall be held in any part of the territory served by the association, unless 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 a majority of the directors consent thereto.

Section 5.04. Notice

Notice of the time, place, and purpose of any special meeting of the Board of Directors shall be given by or at the direction of the Secretary, or upon a default in this duty by the Secretary, by those directors calling a special meeting or by any director in the case of a meeting whose date, time and place have already been fixed by board resolution, at least three (3) business 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 by telephone and/or delivered to the director's last known physical or e-mail address to convene a special meeting of the board.

Section 5.05. Quorum

A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the board, provided that if less than such majority of the Directors is present at said meeting, a majority of the Directors present may adjourn the meeting from time to time provided that the Secretary shall notify any absent board members of the time and place of such adjourned meeting. A director who by law or these bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action of that matter, be counted in determining the number of directors in office or present. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except with respect to the disposition or mortgage of the assets of the Association, which is governed by Miss. Code Ann. § 77-5-237, as amended.

ARTICLE VI OFFICERS

Section 6.01. Number

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

Section 6.02. Election and Term of Office

The officers may be elected annually by secret, written ballot or by any other method, without prior nomination, by and from the Board of Directors at the first meeting of the Board each year after the Annual Meeting in November. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Though the officers are elected in November each year, they will not take office until the first of June of the following year. Each officer shall hold office until the first of June of the succeeding year, 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 directors and officers. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities, and authorities, as the Board of Directors may from time to time deem advisable.

Section 6.03. Removal

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

Section 6.04. Vacancies

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

Section 6.05. Chairman

The Chairman:

- (a) Shall preside at all meetings of the Board of Directors and all meetings of the members, provided that the Chairman 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 Chairman of the Association while so presiding, and
- (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 signing and execution thereof shall be expressly delegated to some other officer or agent of the Association by the Board of Directors or by these bylaws, or shall be required by law to be otherwise signed or executed, and

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

Section 6.06. Vice Chairman

In the absence of the Chairman, or in the event of an inability or refusal to act, the Vice Chairman shall perform the duties of the Chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the Chairman. 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, or cause to be kept, the minutes of the meeting of the members and of the Board of Directors in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these by-laws or as required by law;
- (c) Be custodian of the corporate records and of the seal of the Association;
- (d) Keep a register of the names and addresses of all members;
- (e) Have general charge of the books of the Association;
- (f) Keep on file at all times a complete copy of the Articles of Consolidation and bylaws of the Association containing all amendments thereto which copy shall always be open to the inspection of any member, and at the expense of the Association, furnish a copy of such documents and of all amendments thereto upon request to 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) General supervision of all funds and securities of the Association;

- (b) General supervision of, receipt, and issuance of receipts for all monies due and payable to the Association from any source whatsoever, and the deposit or investment of all such monies in the name of the Association in such bank or banks or in such financial institutions or securities as shall be selected in accordance with the provision of these bylaws, not inconsistently with Mississippi Code Ann. Section 77-5-247; and
- (c) The general performance of all the duties incident to the office of Treasurer and other such duties as from time to time may be assigned by the Board.

Section 6.09. Delegation of Secretary’s and Treasurer’s Responsibilities

Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinabove provided in Section 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate, wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each officer’s duties to one or more agents, other officers or employees of the Association who are not directors.

Section 6.10. President; Chief Executive Officer

The Board of Directors shall appoint a President, who may be, but who shall not be required to be, a member of the Association, and who also may be designated Chief Executive Officer. 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 so vest.

Section 6.11. Bonds

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

Section 6.12. Compensation

The compensation, if any, of any officer, agent or employee shall be fixed by the Board of Directors as a part of the overall budget of the Association.

ARTICLE VII
CONTRACTS, CHECKS AND DEPOSITS

Section 7.01. Contracts

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

Section 7.02. Checks, Drafts, Etc.

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

Section 7.03. Deposits

All funds of the Association except petty cash shall be deposited or invested from time to time to the credit of the Association in such bank or banks, or in such financial securities or institutions or trust company(ies) as the Board of Directors may select, not inconsistent with Section 77-5-247, Miss. Code Ann.

**ARTICLE VIII
NON-PROFIT OPERATION**

Section 8.01. Apportionment of Excess Revenues

In accordance with Mississippi Code 77-5-235, the Association's rates shall be sufficient at all times to pay all operating and maintenance expenses necessary or desirable for the prudent conduct and operation of its business and to pay the principal of and interest on such obligations as the Association may have issued and/or assumed in the performance of the purpose for which it was formed. The revenues and receipts of the Association shall first be devoted to such operating and maintenance expenses and to the payment of such principal and interest and thereafter to such reserves for improvement, new construction, depreciation and contingencies as the board may from time to time prescribe. Revenues and receipts not needed for these purposes shall be returned to the members by such means as the Board may decide, including through the reimbursement of membership fees, the implementation of general rate reductions, the limitation or avoidance of future rate increases, or such other means as the Board may determine.

Section 8.02. Interest or Dividends on Capital Prohibited

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

Section 8.03. Patronage Capital in Connection with Furnishing Electric Energy

- (a) In the furnishing of electric energy, the Association's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Association. All Members acknowledge the need of the Association for capital received from members to operate. In order to induce patronage and to assure that the Association will operate on a non-profit basis, the Association agrees to vest in the Board of Directors, in its discretion and business judgment, the ability

to allocate patronage capital to the accounts of members, rather than paying them in cash, for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Association are received with the understanding that they are furnished by patrons as capital. The Association is obligated to pay by credits for each member to a capital account on the books of the Association all such amounts in excess of operating costs and expenses. The books and records of the Association 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. Provided, however, other provisions to the contrary notwithstanding, the Board of Directors may, after the end of each fiscal year, beginning after 1989, allocate Patronage Capital to each patron within each rate class on a pro-rated basis consistent with the excess of revenue over power cost for each particular rate class, as by illustration set forth in REA Bulletin 181-3, Number 503, question 10, effective January 1, 1972.

- (b) Each member agrees that 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 Association corresponding amounts for capital.
- (c) All other amounts received by the Association from its operations in excess of costs and expenses shall, insofar as permitted by law, (1) be used to offset any losses incurred during the current or any prior fiscal year and (2) to the extent not needed for that purpose, allocated to its members on a patronage basis, and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.
- (d) In the event of a bid or proposal to purchase most or all of the assets of the Association, outstanding capital credits will be calculated and set up on the books of the Association as an outstanding indebtedness against the Association, to be assumed by the prospective purchaser.
- (e) If, at any time prior to dissolution or liquidation, the Board of Directors shall determine in its sole discretion that the financial condition of the Association will not be impaired thereby, the capital then credited to the patrons' accounts may be retired in full or in part. The Board of Directors shall have the discretion in the exercise of its business judgment to determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.
 - (1) Retirement of capital credits is the actual payment, as provided by subsection 2 below, of patronage capital to the Cooperative members to whom it has previously been allocated. The Board may, in its discretion, utilize its business judgment to retire patronage capital as allocated on the books of the Cooperative so long as the retirement is consistent with sound business and management practices and the financial stability of the Cooperative will not be

impaired thereby. If the Board, in its discretion, utilizes its business judgment to retire patronage capital to members either upon their death, termination of electric service, or bankruptcy, then the retirement may be discounted in the exercise of the Board's business judgment.

- (2) When the Board has determined, pursuant to subsection (1) above, that patronage capital shall be retired, the retirement may be accomplished in the manner determined by the Board, including by a bill credit or by the mailing of payment or notice of payment to the person's last known address of record on file with the Cooperative. No interest shall be paid or payable by the Cooperative on any patronage capital furnished by its members.

In no event may the Board of Directors retire capital such that it would cause the Cooperative to fall out of compliance with the provisions of any of its mortgage, deed of trust, loan contract, or other security instruments executed by the Cooperative to secure any indebtedness of the Cooperative.

The Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion of capital credited to the account of members which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative.

- (f) Capital credited to the account of each member shall not be assignable on the books of the Association unless the Board of Directors, acting in its discretion and business judgment, shall determine otherwise.
- (g) The Association, before retiring any capital credited to any member's account, shall deduct therefrom any amount owing by such member to the Association together with interest thereon at the statutory rate on judgments in effect per the Association's policy when such amount became overdue, compounded annually.

To the extent a member disagrees with the decisions of the Board of Directors with respect to the allocation or retirement of capital credits, the member may seek arbitration pursuant to Article XI of the Bylaws but only after the member has first provided written notice to the Board of Directors at least fifteen (15) calendar days in advance of the next scheduled regular monthly Board meeting and provided the Board of Directors with a reasonable time to investigate and respond to the matter.

The members of the Association, by dealing with the Association, acknowledge that the terms and provisions of the Certificate of Incorporation and Bylaws shall constitute and be a contract between the Association and each member, and both the Association and the members are bound by such contract, as fully as though each member had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the Bylaws shall be made available to each member of the Association by either posting in a conspicuous place in the Association's offices or on the Association's website.

Section 8.04. Dissolution or Liquidation

- (a) In the event of dissolution or liquidation of the Association, after all outstanding indebtedness of the Association shall have been paid, any outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account or property rights of members.
- (b) The remaining liquidation proceeds, if any, shall be distributed ratably among all members of the Association during the period of its existence.

Section 8.05. Patronage Refunds in Connection with Furnishing Other Services

In the event that the Association should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable there from 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 which such amounts were obtained.

ARTICLE IX **ACCESS TO ASSOCIATION RECORDS**

Section 9.01. Access to Association Records

- (1) The Association's responses to requests from members and other for Association information shall be governed by the following rules and procedures:
 - (a) Rate schedules, service rules and regulations, Articles of Incorporation, by laws, published policies, newsletters, and other public documents published by the Association will be provided to any member upon request.
 - (b) The Association will make available to any member upon request a copy of its "Annual Return," defined as the Association's Return of Organization Exempt from Income Tax (IRS Form 990) and all schedules and other documents attached thereto, for each of the three (3) previous years.
 - (c) Requests for any other information not listed in Sections (1)(a) and (b), above, will not be considered until the requesting member completes and submits to the Association the approved Member Information Request Form
 - (d) The completed request form will be reviewed by the Association's President or CEO, who, before acting thereon, will consult with the Association's attorney. If they jointly concluded 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 person's needs and interests as a member of the Association; (3) furnishing the requested information will not be adverse to the Association's best interests; and (4) the release of such information and/or documents will not subject the Association to litigation or invade the privacy of any person, then they may determine the time and manner for making such

information available to the member in accordance with Section (2), below. If either or both disagree as to the validity of any of the foregoing three factors, the matter will be referred to the Board for decision.

- (e) If the request is referred to the Board, the Board will review the Member Information Request Form and the opinions of the Association's attorney and the Association's President or CEO, and shall approve or reject the request. If a majority of the Board approves, the information shall be made available in accordance with Section (2) below. If a majority of the Board rejects the request, Section (3) will apply.
- (2) When a request for information has been approved, either by the Board or CEO, the information will be made available under the following conditions and such other conditions as the Board believes should be imposed as to a particular request:
- (a) If the information is non-confidential and can be readily extracted from documents on file in the Association's office, access to the information will be permitted upon appointment during regular office hours and with the assistance of the President or CEO or administrative assistant.
 - (b) If any information included within the documents is of a confidential nature, such confidential information may be redacted by the President or CEO or the Association's attorney and will not be made available to the member.
 - (c) If the amount of requested information is extensive and will require considerable staff time, the requesting member may be required to pay, in advance, the costs associated with extracting the information.
- (3) The following is considered confidential information and will not be furnished except pursuant to a court order:
- (a) The names, addresses, or telephone numbers of the Association's members, past and/or current;
 - (b) Consumer billing, payment, and other account information (provided, however, that a person may obtain such information for his/her own account or for an account as to which he/she is a duly authorized representative);
 - (c) Hourly wages or salaries and fringe benefits of specific employees or group or employees;
 - (d) Any employee's personnel file or records or any other person's file or records;
 - (e) Any information which constitutes a trade secret, process, program, trademark, or other legally protected confidential information or thing owned, or protected in confidentiality by contract by the Association;
 - (f) Minutes or and other notes and materials pertaining to executive sessions conducted by the Board;

- (g) Communications to or from the Association's attorney(s);
 - (h) Audit and consulting studies and reports; and
 - (i) Financial and operational reports (other than the Annual Report described in Section (1)(b), above).
- (4) If a member requests a copy of the membership list for the purposes of campaigning for a position on the Board, pursuant to this By-Law, the Association will not release a copy of the membership list. However, if the requesting member is a candidate seeking election to the Board of Directors of the Association, the requesting member shall be allowed to furnish the Association with all materials to be mailed to the Association's members, and, upon prepayment of all mailing costs, the Association will mail the materials to its members.
- (5) Without regard to the action that is or may be taken in response to any request, the President or CEO will report to each meeting of the Board concerning any member information requests received since the last meeting.
- (6) When any copies of documents are provided pursuant to this By-Law, the Association shall charge for the reasonable production of such request under the Freedom of Information Act plus, where applicable, the actual cost of postage if said copies are sent to the requesting person in the U.S. Mail. All payments for copying and postage charges must be paid by the member in advance of receiving the requested information. Such payments must be made via cashier's check or money order.
- (7) It will be the responsibility of the President or CEO to implement this policy, in coordination with the Association's attorney. In no event should "non-routine" information or data be released except upon prior consultation of the CEO with, and the agreement of, the Association's attorney. It shall be the responsibility of the Board to implement this policy when member information requests are submitted to it for consideration and decision as herein provided.

ARTICLE X
SALE OR LEASE OF ASSETS OF THE ASSOCIATION

Section 10.01. Vote of the Members not Required

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

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

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

Section 10.02. Vote Required

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

Section 10.03. Procedural Requirements

- (a) A proposal to sell property of the Association may be considered and voted on at the annual meeting of members or a special meeting of members called for such purpose. A meeting of the members of the Association for the purpose of considering and voting upon the sale, lease or other disposition of property of the Association to a particular Purchaser or to any person controlling, controlled by, or under common control with such Purchaser (an “Affiliate”) shall not be held more than once in any twelve month period.
- (b) In order for any proposal to sell, lease, or otherwise dispose of property of the Association to be properly brought before an annual or special meeting of the members, the requirements of Section 77-5-237, Mississippi Code Ann. must be met and in addition the following requirements must be satisfied:
 - (1) The Association must have provided written notification of the offer of purchase to any lender desiring to receive such notification or to any generation and transmission association of which the Association is a member. The notification of the offer of purchase must contain all of the information provided to the Association, its management and Board of Directors, or which is filed with the Public Service Commission.
 - (2) The disclosure required by Section 77-5-237, Mississippi Code Ann. and any additional disclosure required by these bylaws must have been received in a form to allow management and the Board of Directors ample opportunity to review same.
 - (3) The Purchaser must have agreed in writing to assume those obligations of the Association as required by Section 77-5-237, Mississippi Code Ann., and other provisions of these bylaws.
 - (4) The Purchaser must have agreed in writing to indemnify the Association and its members against any damage, liability or loss (including, without limitation,

reasonable attorneys' fees, interest, penalties, judgments and amounts paid in settlement of, any claim, suit, action or proceeding) sustained, incurred, paid or required to be paid by the Association arising out of any act or omission of the Association or Purchaser occurring before or after the sale of property of the Association to the Purchaser.

Section 10.04. Required Disclosure

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

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

Section 10.05. Competing Bid Disclosure

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

Section 10.06. Effect of Noncompliance

Any sales, lease or other disposition of the property of the Association that is not effected in strict compliance with the provisions of Section 77-5-237, Mississippi Code Ann, and the provisions of Section 10.03 and 8.03(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 Association,

written or oral, makes false, or misleading statements concerning material facts or omits information necessary to make the information disclosed not misleading, shall be liable to the Association and its members for any damages incurred thereby, including, but not limited to, the difference in the consideration paid for the property of the Association by the Purchaser and the fair value of such property and any increase paid or to be paid in the future for electricity by the members of the Association.

Section 10.07. Non-application to Consolidation

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

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. Membership in Other Organizations

The Association may become a member of any and all other organizations as a majority of the Board of Directors may determine shall be in the best interest of the Association, and the directors shall have full power and authority to authorize the Association to purchase stock in or to become a member of any corporation or association organized on a non-profit basis for the purpose of engaging in rural electrification, industrial or economic development, or other worthwhile non-profit endeavors. The Association may make contribution to non-profit, charitable or civic organizations or drives, and the Board may, by resolution or order, authorize the President to act for the Association in this regard. The directors shall also have full power and authority to subscribe for and on behalf of the Association, on an annual basis or otherwise to Today in Mississippi, and any and all other publications as may be determined by the Directors, and payment for such publication subscriptions shall be made of and from funds accruing in each member's favor.

Section 11.02. Waiver of Notice

Any member or director may waive, in writing, any notice required 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 spouse shall be deemed a waiver of notice of such meeting by both joint members.

Section 11.03. Fiscal Year

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

Section 11.04. Seal

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

Section 11.05. Amendments

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

Section 11.06. Robert’s Rules of Order

Parliamentary procedure at all meetings of the members of the Board of Directors, of any committee provided for in these Bylaws, and of any other committee of the members of the Board of Directors which may from time to time be duly established, shall be governed by the most recent edition of Robert’s Rules of Order.

Section 11.07. Alternative Dispute Resolution

UNLESS OTHERWISE PROHIBITED BY LAW, ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO THESE BYLAWS, OR THE BREACH THEREOF, OR ANY CONTROVERSY OR CLAIM ARISING OUT OF OR RELATING TO PATRONAGE CAPITAL SHALL BE RESOLVED BY BINDING ARBITRATION ADMINISTERED BY THE AMERICAN ARBITRATION ASSOCIATION IN ACCORDANCE WITH ITS ARBITRATION RULES AFTER ALL CONDITIONS PRECEDENT AS SET FORTH IN SECTION 8.01, IF APPLICABLE, HAVE BEEN MET. THIS AGREEMENT INVOLVES INTERSTATE COMMERCE SUCH THAT THE FEDERAL ARBITRATION ACT, 9 U.S.C. § 1, ET SEQ. SHALL GOVERN THE INTERPRETATION AND ENFORCEMENT OF THIS ARBITRATION AGREEMENT. THE ARBITRATION SHALL BE HELD IN THE STATE OF MISSISSIPPI AT A LOCATION TO BE DESIGNATED BY THE PARTY NOT MAKING THE INITIAL DEMAND FOR ARBITRATION. A JUDGMENT ON THE AWARD RENDERED BY THE ARBITRATOR SHALL BE ENTERED IN ANY COURT HAVING JURISDICTION THEREOF. EACH PARTY AGREES TO PAY THEIR OWN ATTORNEYS’ FEES AND COSTS AND EACH PARTY AGREES TO SHARE EQUALLY IN THE COST OF THE ARBITRATOR.

THE PARTIES ALSO AGREE TO (I) WAIVE ANY RIGHT TO PURSUE A CLASS ACTION ARBITRATION, OR (II) TO HAVE AN ARBITRATION UNDER THIS AGREEMENT CONSOLIDATED OR DETERMINED AS PART OF ANY OTHER ARBITRATION OR PROCEEDING. THE PARTIES AGREE THAT ANY DISPUTE TO ARBITRATE MUST BE BROUGHT IN AN INDIVIDUAL CAPACITY, AND NOT AS A PLAINTIFF OR CLASS MEMBER IN ANY PURPORTED CLASS OR REPRESENTATIVE CAPACITY. IF ANY PART OF THIS ARBITRATION CLAUSE, OTHER THAN WAIVERS OF CLASS ACTION RIGHTS, IS FOUND TO BE UNENFORCEABLE FOR ANY REASON, THE REMAINING PROVISIONS

SHALL REMAIN ENFORCEABLE. IF A WAIVER OF CLASS ACTION AND CONSOLIDATION RIGHTS IS FOUND UNENFORCEABLE IN ANY ACTION IN WHICH CLASS ACTION REMEDIES HAVE BEEN SOUGHT, THIS ENTIRE ARBITRATION CLAUSE SHALL BE DEEMED UNENFORCEABLE. IT IS THE INTENTION AND AGREEMENT OF THE PARTIES NOT TO ARBITRATE CLASS ACTIONS OR TO HAVE CONSOLIDATED ARBITRATION PROCEEDINGS. SHOULD THE PARTIES HAVE A DISPUTE THAT IS WITHIN THE JURISDICTION OF THE JUSTICE COURTS OF THE STATE OF MISSISSIPPI, SUCH DISPUTE MAY BE RESOLVED AT THE ELECTION OF EITHER PARTY IN JUSTICE COURT RATHER THAN THROUGH ARBITRATION.

ANY MEMBER MAY REJECT THIS AGREEMENT TO ARBITRATE BY SENDING TO THE ASSOCIATION AT 18020 HWY. 603, KILN, MS 39556, A NOTICE (“REJECTION NOTICE”) WITHIN SIXTY (60) CALENDAR DAYS OF THE DATE OF THE BOARD MEETING WHERE THIS ARBITRATION AGREEMENT WAS ADDED TO THE BYLAWS. YOUR REJECTION NOTICE MUST INCLUDE YOUR FULL NAME, YOUR CURRENT ADDRESS, YOUR CURRENT TELEPHONE NUMBER, AND THE ACCOUNT NUMBER, AND BE SIGNED BY YOU. THE REJECTION NOTICE MUST BE MAILED WITH RETURN RECEIPT REQUESTED TO: REJECTION NOTICE DEPARTMENT. IN THE EVENT OF ANY DISPUTE CONCERNING WHETHER A MEMBER HAS PROVIDED A TIMELY NOTICE OF REJECTION, THE MEMBER MUST PRODUCE THE SIGNED RECEIPT FOR MAILING THE REJECTION NOTICE. IN THE ABSENCE OF THE SIGNED RECEIPT, THE ASSOCIATION’S RECEIVED DATE STAMP ON THE REJECTION NOTICE SHALL BE CONCLUSIVE EVIDENCE OF THE DATE OF RECEIPT. THESE INSTRUCTIONS CONSTITUTE THE ONLY METHOD THAT A MEMBER CAN USE TO EXERCISE THE RIGHT TO REJECT THIS ARBITRATION PROVISION.

IF THE ARBITRATION CLAUSE IS DEEMED UNENFORCEABLE OR THE PARTIES OTHERWISE LITIGATE A DISPUTE IN COURT, THE PARTIES AGREE TO WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY PROCEEDING BROUGHT IN COURT.

Adopted August 8, 1989
Reviewed November 16, 1993
Amended September 23, 1997
Amended January 30, 2007
Amended November 10, 2008
Amended October 29, 2013
Amended November 25, 2014
Amended November 29, 2016
Amended August 29, 2017

This institution is an equal opportunity provider and employer.

Coast Electric Power Association

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