

BY-LAWS
OF
MISSISSIPPI COUNTY ELECTRIC
COOPERATIVE, INC.
Amended thru July 2020

**ARTICLE I
MEMBERSHIP**

SECTION 1. Requirements for Membership. (Amended July, 2020) All persons served or proposed to be served by Mississippi County Electric Cooperative, Inc. (herein called the “Cooperative”) in accordance with the law of the State of Arkansas and of the United States of America shall be eligible to membership in the Cooperative. Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of the Cooperative upon receipt of electric service from the Cooperative, provided that the prospective member has first:

- (a) made a written application for membership therein;
- (b) agreed to purchase electric energy from the Cooperative as hereinafter specified;
- (c) agreed to comply with and be bound by the Articles of Incorporation and By-Laws of the Cooperative and any rules and regulations adopted by the Board of Directors; and rules and regulations of the Arkansas Public Service Commission.
- (d) agreed that all member disputes with the cooperative, to the extent not subject to the jurisdiction of the applicable regulatory commission of the State where the dispute arose, or the member is located, shall, with the exception of collection cases, and eminent domain be resolved by binding arbitration in accordance with the rules of and before the American Arbitration Association; and
- (e) agreed that the member waives his/her-their/its right to bring or participate in class action proceedings against the cooperative.
- (f) agreed Grant of Property Rights. As a result of applying for and becoming a member of the Cooperative, the member thereby, as required by the Cooperative for a Cooperative Purpose, (1) agrees to provide the Cooperative safe and reliable access to or use of the member’s property and (2) pursuant to terms and conditions specified by the Cooperative, and without monetary compensation from the Cooperative, grants, bargains, sells and conveys to the Cooperative an easement and right-of-way over, across and under property then or thereafter owned, leased by or to, or mortgaged to, the member. A Cooperative Purpose is at any time, and in a manner determined reasonable by the Cooperative (1) installing, constructing, inspecting, monitoring, operating, repairing, maintaining,

removing, relocating, upgrading or replacing Cooperative equipment, (2) clearing, trimming, removing or managing any vegetation, (3) providing a Cooperative service to a member or one or more other members, (4) authorizing, permitting, satisfying or facilitating an obligation incurred, or right granted, by the Cooperative regarding use of Cooperative equipment and (5) safely, reliably and efficiently operating the Cooperative or providing a Cooperative service.

- (g) paid the membership fee hereinafter specified.

No member may hold more than one (1) membership in the Cooperative and no membership in the Cooperative shall be transferable, except as provided in these By-Laws.

SECTION 2. Membership Certificates. (Amended Sept 2004) Upon written request of the individual member, a Certificate of Membership, in such form and containing such provisions as shall be determined by the Board, will be furnished. Such Certificate shall be signed by the Chairman and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

SECTION 3. Joint Membership. (Amended April 1986) The term "Member" as used in these By-Laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally with respect to the holders of a joint membership. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a joint membership shall be as follows:

- (a) the presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
- (b) the vote of either separately or both jointly shall constitute one joint vote;
- (c) a waiver of notice signed by either or both shall constitute a joint waiver;
- (d) notice to either shall constitute notice to both;
- (e) expulsion of either shall terminate the joint membership;
- (f) withdrawal of either shall terminate the joint membership;
- (g) either but not both may be elected or appointed as an officer or director, provided that both meet the qualifications for such office.

SECTION 4. Conversion of Membership. (Amended April 1986) (a) A membership may be converted to a joint membership upon the written request of the holder thereof and the agreement by such holder and his or her spouse to comply with the Articles of Incorporation, By-Laws and Rules and Regulations adopted by the Board of Directors. The outstanding membership certificate, if one has been issued, shall be surrendered, and shall be re-issued by the Cooperative in such manner as shall indicate the changed membership status.

(b) Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The outstanding membership certificate, if one has been issued, shall be surrendered, and shall be re-issued in such manner as shall indicate the changed membership status, provided, however, that the estate of the deceased shall not be released from any debts due the Cooperative.

SECTION 5. Membership Fee. (Amended April 1986) The membership fee shall be such as shall be determined from time to time by Resolution of the Board of Directors.

SECTION 6. Purchase of Electric Energy. (Amended November, 2009) Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy purchased for use on the premises specified in his application for membership, and shall pay therefor at rates which shall from time to time be fixed by the Board with approval from the Arkansas Public Service Commission. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed, as shall be fixed by the Board from time to time with approval from the Arkansas Public Service Commission. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

SECTION 7. Termination of Membership. (Amended December 1975) (a) Any member may withdraw from membership upon compliance with such uniform terms and conditions as the Board of Directors may prescribe. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of all the Directors, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws or Amendments thereto or rules or regulations adopted by the Board of Directors, but only if such member shall have been given written notice by the Cooperative that such failure makes him liable to expulsion and such failure shall have continued for at least ten (10) days after such notice was given. Any expelled member may be reinstated by a vote of the Board of Directors or a vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him, has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative, may be canceled by resolution of the Board of Directors.

(b) (Amended April 1986) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereon terminate, and the membership certificate, if one has been issued, of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release a member or his estate from any debts due the Cooperative.

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

ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS

SECTION 1. Property Interest of Members. (Amended December 1975) Upon dissolution, after:

- (a) all debts and liabilities of the Cooperative shall have been paid, and
- (b) all capital furnished through patronage shall have been retired as provided in these By-Laws,

the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all such members, unless otherwise provided by law.

SECTION 2. Non-Liability for Debts of the Cooperative. (Amended December 1975) The private property of the members shall be exempt from execution or other liability for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

ARTICLE III MEETING OF MEMBERS

SECTION 1. Annual Meeting. (Amended December 1975) The annual meeting of the members shall be held each year at such time and place in Mississippi County, Arkansas, as shall be set by the Board of Directors and designated in the Notice of Meeting for the purposes of electing Directors, passing upon reports for the previous fiscal year and transacting such other business that may come before the meeting. It shall be the responsibility of the Board of

Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. Special Meeting. (Amended September, 2004) Special meetings of the members may be called by Resolution of the Board of Directors, by the Chairman or upon a written request signed by two-thirds (2/3) of the Directors or upon a written petition signed by at least ten per centum (10%) or more of all 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 Mississippi County, Arkansas, specified in the Notice of the special meeting as fixed by the Board of Directors.

SECTION 3. Notice of Members' Meetings. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary to each member of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting.

SECTION 4. Quorum. Two per centum (2%) of the total membership shall constitute a quorum. In determining whether a quorum is present, absent members who have submitted ballots to express their votes shall be considered present. The Cooperative shall retain for a period of two years a list of those members, either present in person or submitting ballots, to fulfill the requirements of a quorum. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

SECTION 5. Voting. (Amended April , 1999) Each member shall be entitled to one and only one vote upon each matter submitted to a vote at a meeting of the members. All questions shall be decided by a vote of a majority of the members voting thereon except as otherwise provided by law, the Articles of Incorporation or these By-Laws.

- (a) **Mail Voting.** (Amended November, 2009) Any member who is absent from an annual meeting or special meeting of the members may vote by mail at such meeting upon all matters to be submitted at such meeting, including the election of Directors and also including any motion or resolution pertaining to the borrowing of funds or mortgaging, or encumbering of the Cooperative's property. The Secretary shall be responsible for the enclosure with the notice of such meeting of an exact copy of all motions or resolutions to be acted upon and ballots for the election of Directors and each member shall express the member's vote thereon by placing a MARK in the space provided therefor opposite each such motion or resolution, or candidate. Such member shall enclose each such copy so marked in a sealed envelope bearing the member's name and address to

the Secretary. When such written vote so enclosed is received by mail from any member, it shall be counted as the vote of the member at such meeting if received by the Cooperative by not later than Noon of the day before the meeting. In case of a joint membership, if husband and wife are both absent from such meeting, a written vote received from either of them shall constitute one joint vote. The failure of any absent member to receive a copy of any such ballot shall not invalidate any action which may be taken by the members at any such meeting.

(b) (Amended April 1986) Membership proposals. No motion or resolution shall be voted upon at any meeting except in the manner provided in this Section 5. Any member who desires to submit a proposal to the meeting shall submit a copy thereof to the Secretary at least thirty (30) days prior to the meeting and the Secretary shall place such proposal on the ballot, together with other matters to be voted upon. The Board of Directors shall establish procedures by which both proponents and opponents shall be able to submit to the members a short statement of reasons for or against a proposal along with the other election information.

(c) (Added April, 1999) Supermajority Matters. As provided elsewhere in these By-Laws, certain matters require the affirmative vote of two-thirds (2/3) of all of the members of the Cooperative. These matters shall also include disposition of substantial property and assets, consolidation with other than an electric cooperative, merger with other than an electric cooperative where the Cooperative is not the surviving entity, dissolution of the Cooperative if supermajority vote is authorized under Arkansas law, and such other matters as may be added from time to time by the Board of Directors or the members as allowed by law.

SECTION 6. Proxies. At all meetings of members, a member may vote by proxy executed in writing by the member. Such proxy shall be filed with the Secretary before or at the time of the meeting. No proxy shall be voted at any meeting of the members unless it shall designate the particular meeting at which it is to be voted, and no proxy shall be voted at any meeting other than the one so designated or any adjournment of such meeting. No member shall vote as proxy for more than three (3) members at any meeting of the members except where such person is exercising a proxy in connection with the borrowing of funds from the United States of America or other lending agency or a sale, mortgage, lease or other disposition or encumbrance of property to the United States of America or any agency or instrumentality thereof or other lending agency or in connection with an Amendment to the Articles of Incorporation of the Cooperative. No proxy shall be valid after thirty (30) days from the date of its execution. The presence of a member at a meeting of the members shall revoke a proxy theretofore executed by him and such member shall be entitled to vote at such meeting in the same manner and with the same effect as if he had not executed a proxy. In case of a joint membership, a proxy may be executed by either husband or wife. The presence of either husband or wife at a meeting of the members shall revoke a proxy theretofore executed by either of them and such 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.

SECTION 7. Order of Business. (Amended 1975) The order of business at the annual meeting of the members, and so far as possible, at all other meetings of the members, shall be essentially as follows, except as otherwise determined by the members at such meeting:

- (1) Report on the number of persons present in person or voting by mail or proxy in order to determine the existence of a quorum.
- (2) Reading of the Notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- (3) Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
- (4) Presentation and consideration of, and acting upon, reports of officers, directors and committees.
- (5) Election of Directors.
- (6) Unfinished business.
- (7) New business.
- (8) Adjournment.

ARTICLE IV BOARD OF DIRECTORS

SECTION 1. General Powers. (Amended July, 2020) The business and affairs of the Cooperative shall be managed by a Board of five (5) Directors, which shall exercise all of the powers of the Cooperative except such as are by law, or by the Articles of Incorporation of the Cooperative, or by these By-Laws conferred upon or reserved to the members. The Board of Directors is authorized to communicate information concerning the Cooperative to members by mail, magazine or otherwise.

SECTION 2. Election and Tenure of Office. (Amended November, 2009) A Director shall be elected each year at the Annual Meeting of the Members. The length of term of each Director elected shall be for five (5) years, regardless of a previous term elected for. Subject to establishment of a quorum, a Director shall be elected by a majority vote of the members voting.

SECTION 3. Qualifications. (Amended July, 2020) The Directors shall be members of the Cooperative meeting the qualifications specified herein. No member shall be eligible to become a Director of the Cooperative who is not a natural person in good standing with the Cooperative and a bona fide resident in the area served by the Cooperative, or is an employee or the spouse of an employee of the Cooperative, or a former employee or spouse of a former employee of the Cooperative unless the employee has been separated from their employment for at least five years. However, any Director who moves to a residence outside of the geographical area served by the Cooperative during such Director's term as Director but who maintains residence within the boundaries of Mississippi County, Arkansas, and retains ownership of property or interest served by the Cooperative shall be eligible to complete such Director's current term of office and will be qualified for re-election as a Director upon expiration of the current term of office as long as he remains a resident of Mississippi County, Arkansas, and a member of the Cooperative. When a membership is held jointly by husband and wife, either one, but not both, may be elected as a Director, provided, however, that neither one shall be eligible to become or remain a Director or to hold a position of trust in the Cooperative until both shall have met the qualifications hereinabove set forth. 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.

SECTION 4. Nominations. (Amended July, 2020) It shall be the duty of the Board of Directors to appoint, not less than sixty (60) nor more than ninety (90) days before the date of the meeting of the members at which a director is to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members, (a majority of which will constitute a quorum of the committee) who shall be selected insofar as possible, so as to give equitable representation on the committee to the geographical area served or to be served by the Cooperative. No officer or member of the Board of Directors shall be appointed a member of such committee. The Committee so appointed shall meet at the principal office of the Cooperative not less than forty-five (45) days before the date of the meeting of members at which a director is to be elected, and nominate a candidate for director to be voted on by the members. The nominee nominated by the nominating committee shall meet the qualifications as defined in Section 3 of this Article. The nominating committee shall, at least forty-five (45) days before said meeting of members, prepare and post at the principal office of the Cooperative the name of the nominee, by it nominated, but any fifty (50) or more members who are in good standing with the Cooperative and bona fide residents of the area served by the Cooperative may make other nominations by Petition in writing over their signatures, such nominations to meet the qualifications of directors as provided in Section 3 of this Article, and the Secretary shall post the same at the same place where the name of the nominee nominated by the committee is posted. Nominations by petition shall be received in the headquarters office in Blytheville, Arkansas, not less than thirty (30) days nor more than sixty (60) days before the date of the meeting. The Secretary shall mail with the Notice of Meeting of Members a statement of the name of nominees for director to be elected, showing separately the nomination made by the committee on nominations and the nominations made by petition, if any.

SECTION 4A. Voting for Directors. (Amended November, 2009) The election of a Director may be by mail ballot and only these nominees selected by the nominating committee or

by Petition shall be on the ballot and there shall be no nominations permitted from the floor. The Board shall establish a procedure for voting for Directors by mail so that each member will receive the ballot in sufficient time for it to be marked and returned by Noon of the day preceding the time set for the annual meeting. All ballots on the motions and resolutions specified in Article III, Section 5 hereof and the election of Director must be received in the office of the Cooperative by not later than Noon of the day preceding the meeting at which the ballots are to be voted. The ballots shall be counted and the results certified at such meeting by an independent CPA and a duly designated representative of a nominee, should it be desired. If the proposition to be voted on does not include the election of Directors, the Board of Directors shall appoint the Election Committee consisting of at least five but not more than nine members, none of whom shall be Directors.

SECTION 5. Removal of Directors by Members. (Amended November, 2009) At a special meeting of members called expressly for that purpose, Directors may be removed in the manner provided in this Section.

The entire Board of Directors or any one or more of the Directors may be removed with or without cause, by a vote of a 2/3 of the members of the cooperative. The proposal for the removal of any Director sought to be removed shall be submitted to a vote of the members at a regular or special meeting of the members.

Vacancies caused by the removal of a Director or Directors pursuant to this Section 5 shall be filled at a special election conducted as provided in this Article IV, except that petitioners for nominations under Section 4 of this Article shall be filed not less than fifteen (15) days prior to the date of the special election.

SECTION 6. Vacancies. (Amended November, 2009) Any other vacancies occurring on the Board of Directors, other than those occurring pursuant to Section 5 above, may be filled by the affirmative vote of a majority of the remaining Board members, and such Director so elected shall serve the remaining term of the vacating Director, in accordance with the Articles of Incorporation.

SECTION 7. Compensation. (Amended November, 2009) Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Directors, or such other meetings and duties authorized by the Board. The Board of Directors may also elect to participate in the health insurance plan provided by the cooperative to employees, with the expense paid for by the Director. No Board member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the Board or the service by the Board member or the Board member's close relative shall have been certified by the Board as an emergency of the Cooperative. "Close relative" as referenced above shall be defined as, a spouse, child and spouse of a child, and sibling or spouse of a sibling.

**ARTICLE V
MEETINGS OF BOARD OF DIRECTORS**

SECTION 1. **Regular Meetings.** (Amended April 1999) A regular meeting of the Board of Directors shall be held without notice, immediately after and at the same place as the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place as the Board of Directors may provide. Such regular monthly meetings may be held without notice other than such notice as may be required by the Board fixing the time and place thereof.

SECTION 2. **Special Meetings.** (Amended September, 2004) Special meetings of the Board of Directors may be called by the Chairman or by any three (3) Directors, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The Chairman or the Directors calling the meeting shall fix the time and place for the holding of the meeting.

SECTION 3. **Notice of Directors' Meetings.** (Amended November, 2009) Written notice of the time and place and purpose of any special meeting of the Board of Directors shall be delivered to each Director not less than five (5) days previous thereto either personally, by mail, or electronic methods that may be available, by or at the direction of the Secretary, or upon default in duty by the Secretary, by the Chairman of the Board of Directors calling the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail addressed to the Director at his address as it appears on the records of the Cooperative with postage thereon prepaid. If notified electronically, such notice shall be deemed to be delivered when notice is sent by the electronic device to the Director electronic address as it appears on the records of the Cooperative.

SECTION 4. **Quorum.** (Amended November 2009) A majority of the Board, whether attending in person or participating through an acceptable electronic method, shall constitute a quorum, provided, that if less than such majority of the Board is present at said meeting, a majority of the Board present may adjourn the meeting from time to time; and provided further, that the Secretary shall notify any absent directors of the time and place of such adjourned meeting to be continued. The act of a majority of the Board members present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these By-Laws.

**ARTICLE VI
OFFICERS**

SECTION 1. **Number.** (Amended September, 2004) The officers of the Cooperative shall be a Chairman, Vice-Chairman, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and Treasurer may be held by the same person.

SECTION 2. **Election and Term of Office.** (Amended November, 2009) The officers of the board of directors shall be elected annually by and from the Board at the meeting of the

Board held immediately after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members or until his successor shall have been elected and shall have qualified subject to the provisions of these By-Laws with respect to the removal of officers. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

SECTION 3. Removal of Officers and Agents by Directors. (Amended April 1999) Any officer or agent elected or appointed by the Board of Directors may be removed by a supermajority vote of the Board of Directors whenever, in its judgment, the best interest of the Cooperative will be served thereby.

SECTION 4. Chairman. (Amended September, 2004) The Chairman shall:

- (a) be the principal officer of the Cooperative and, unless otherwise determined by the members of the Board of Directors, shall preside at all meetings of the members and the Board of Directors;
- (b) sign any Deeds, Mortgages, Deeds of Trust, Notes, Bonds, Contracts or other instruments authorized by the Board of Directors to be executed except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these By-Laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and
- (c) in general, perform all duties incident to the office of Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 5. Vice-Chairman. (Amended September, 2004) In the absence of the Chairman, or in the event of his 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 to him by the Board.

SECTION 6. Secretary. (Amended September, 2004) The Secretary shall be responsible for:

- (a) keeping the Minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose;
- (b) seeing that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) the safekeeping of the Corporate Books and records and the Seal of the Cooperative and affixing the Seal of the Cooperative to all Membership Certificates, the execution of which, on behalf of the Cooperative and under its

Seal, is duly authorized in accordance with the provisions of these By-Laws;

- (d) keeping a register of the names and post office addresses of all members;
- (e) signing, with the Chairman, Certificates of Membership, the issue of which shall have been authorized by the Board or the members;
- (f) keeping on file at all times a complete copy of the Articles of Incorporation and By-Laws of the Cooperative containing all amendments thereto (which copy shall always be open to the inspection of any member) and at the expense of the Cooperative, furnishing a copy of these By-Laws and of all amendments thereto to any member upon request; and
- (g) in general, performing all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. Treasurer. (Amended December 1975) The Treasurer shall be responsible for:

- (a) custody of all funds and securities of the Cooperative;
- (b) the receipt of and the issuance of receipts for all moneys due and payable to the Cooperative and for the deposit of all such moneys in the name of the Cooperative in such Bank or Banks as shall be selected in accordance with the provisions of these By-Laws; and
- (c) the general performance of all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board.

SECTION 8. President/CEO. (Amended September, 2004) The Board may appoint a President/CEO who may be, but who shall not be required to be, a member of the Cooperative. The President/CEO shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

SECTION 9. Bonds of Officers. (Amended December 1975) The Treasurer and any other officer or agent of the Cooperative charged with responsibility for the custody of any of its funds or property shall be bonded in such sum and with such surety as the Board shall determine. The Board, in its discretion, may also require any other officer, agent or employee of the Cooperative to give Bond in such amount and with such surety as it shall determine.

SECTION 10. Reports. (Amended December 1975) The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

ARTICLE VII NON-PROFIT OPERATION

SECTION 1. Interest or Dividends on Capital Prohibited. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative, on any capital furnished by its patrons.

SECTION 2. Patronage Capital in Connection with Furnishing Electric Energy. (Amended July, 2020) In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will, through their patronage, furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each patron or former patron, of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron or former patron shall have the same status as though they had been paid to the patron or former patron, in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital. All other amounts received by the Cooperative from its operations in excess of costs and expenses, shall, insofar as permitted by law, be used to offset any losses incurred during the current or any prior fiscal year.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have been paid, outstanding capital credit shall be retired without priority on a pro rata basis to all members and former members, before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to the patrons' and former patrons' accounts may be retired in full or in part. The Board of Directors shall determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital.

Capital credited to the account of each patron and former patron, shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board, acting under policies of general application, shall determine otherwise.

Notwithstanding any other provisions of these By-Laws, the Board, at its discretion, shall have the power at any time upon the death of any patron, who was a natural person, if the legal representatives of his estate shall request in writing that the capital credited to any such patron be retired prior to the time such capital would otherwise be retired under the provisions of these By-Laws, to retire capital to any such patron immediately upon such terms and conditions as the Board, acting under policies of general application, and the legal representatives of such patron's estate shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and By-Laws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such Contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this Article of the By-Laws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

SECTION 3. (Added September, 2004) Set-off Against Past Due Accounts. The Cooperative shall at all times have a first lien on, and right of set-off against, such patronage capital for all indebtedness to the Cooperative, whether due or to become due, of the Patron credited with such patronage capital as shown by the books or records of the Cooperative, which lien or right shall not be lost or prejudiced by reason of the fact that the certificate representing such patronage capital, if any, is not in the possession of the Cooperative.

ARTICLE VIII DISPOSITION OF PROPERTY

(Amended March, 2012) The Cooperative may not sell, lease or otherwise dispose of, all or any substantial portion of its property unless such sale, lease or other disposition is authorized at a meeting of the members thereof by the affirmative vote, in person, of not less than two-thirds (2/3) of all of the members of the Cooperative, and unless the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meeting; however, after such vote, no sale, lease, or other disposition of all or a substantial portion of the Cooperative's assets to any other entity shall be accomplished except in conformity with the following:

(a) The board of directors shall first retain three (3) independent appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, or other disposition as to any other terms and conditions which should be considered. The entity offering to purchase the Cooperative will be responsible for payment of all of the costs of the appraisals and evaluation and any and all other expenses involved in the proposed sale.

(b) The board of directors, after receiving such appraisals, and other terms and conditions which are recommended, if any, shall provide (notice of offer to exercise refusal) as prescribed by the terms of the January 2, 1996 First Refusal Agreement, mutually agreed upon by the Cooperative

and other participating Cooperative entities and to give any such Cooperative the opportunity to submit competing proposals. Such opportunity shall be in the form of a written notice to such electric membership cooperative corporations, which notice shall be attached to a copy of the proposal which the Cooperative has already received and a copy of the report(s) of the three (3) appraisers. Such electric membership cooperative corporations shall be given not less than thirty (30) days during which to submit competing proposals, and the actual minimum period within which proposals are to be submitted shall be stated in the written notice given to them.

(c) The board of directors shall then notify the members of the initial or any subsequent proposal which has been submitted to it, expressing in detail each of any such proposals, and shall call a special meeting of the members for consideration thereof, which meeting shall not be held sooner than ninety (90) days after the giving of such notice to the members; provided, that consideration thereof by the members may be given at the next annual member meeting if the board so determines and if such annual meeting is not held sooner than ninety (90) days after the giving of such notice.

(d) Any fifty (50) or more members, by so petitioning the board not less than thirty (30) days prior to the date of such special or annual meeting, may cause the Cooperative, with the cost to be borne by the Cooperative, to mail to all members any opposing or alternative positions which they may have to the proposals that have been submitted or any recommendations that the board has made.

(e) The foregoing provisions shall not apply to a sale, lease, or other disposition to one or more other electric membership cooperative corporations corporately sited and operating in the state if the substantive effect thereof is to merge or consolidate with such other one or more electric membership cooperative corporations, in which event an affirmative vote of a majority of those members present at any special or annual meeting shall be required.

(f) Notwithstanding any provision of this article the board of directors may authorize the sale of any item or items of real or personal property of the Cooperative which, in the opinion of the board, and not needed by the Cooperative in connection with its usiness, its surplusage, salvage, or otherwise in need of replacement or disposition, and the sale of disposition of which is in the normal course of the operation of the business affairs of the Cooperative.

(g) In Addition, notwithstanding anything herein contained the board of directors of the Cooperative, without authorization by the members thereof, shall have full power and authority to authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the board of directors shall determine, to secure any indebtedness of the Cooperative.

**ARTICLE IX
SEAL**

(Amended December 1975) The Corporate Seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Arkansas."

**ARTICLE X
FINANCIAL TRANSACTIONS**

SECTION 1. **Contracts.** Except as otherwise provided in these By-Laws, the Board of Directors may authorize any officer or officers, agent or agents to enter into any Contract or execute and deliver any instrument in the name of and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

SECTION 2. **Checks, Drafts, etc.** (Amended December 1975) All checks, drafts or other orders for the payments of money and all Notes, Bonds or other evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by Resolution of the Board of Directors.

SECTION 3. **Deposits.** (Amended April 1999) All funds except Petty Cash of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such banks or depositories as the Board of Directors may select.

SECTION 4. **Fiscal Year.** The fiscal year of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of the same year.

**ARTICLE XI
MISCELLANEOUS**

SECTION 1. **Waiver of Notice.** (Amended December 1975) Any member or board member may waive in writing any notice of a meeting required to be given by these By-Laws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 2. **Policies, Rules and Regulations.** (Amended December 1975) The Board shall have the power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these By-Laws as it may deem advisable for the management of the business and affairs of the Cooperative.

SECTION 3. Accounting System and Reports. (Amended September, 2004) The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board shall also cause to be made by a Certified Public Accountant an annual audit of the accounts, books and financial condition of the Cooperative. A report of such audit shall be submitted to the members at the next following annual meeting. A copy of such audit report shall be available for inspection by any member of the Cooperative at the principal office of the Cooperative in Blytheville, Arkansas.

SECTION 4. Area Coverage. (Amended November, 2009) The Board shall make diligent effort to see that electric service is extended to all unserved natural persons residential properties, within the Cooperative service area who desire such service and who meet all reasonable requirements established by the Cooperative as a condition of such service.

ARTICLE XII AMENDMENTS

These By-Laws may be altered, amended or repealed by a vote of not less than two-thirds (2/3) of the members of the Board of Directors at any regular or special meeting.

ARTICLE XIII PARLIAMENTARY PROCEDURE

(Added December 1975) All questions of parliamentary procedure in the transaction of the business of the Cooperative, whether at an annual or special meeting of the Board of Directors or members, shall be governed by Roberts Rules of Order.