

BYLAWS

Bowie-Cass Electric Cooperative, Inc.
Douglassville, Texas

Revised June 2008

The aim of Bowie-Cass Electric Cooperative, Inc., (hereinafter called the "Cooperative") is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I

Members

Section 1. Qualifications and Obligations. Any person, firm, corporation or body politic may become a member in the Cooperative by:

- (a) Paying the membership fee hereinafter specified;
- (b) Agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- (c) Agreeing to comply with and be bound by the Articles of Incorporation of the Cooperative and these Bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors,

Provided, however, that no person, firm, corporation or body politic shall become a member unless and until they or it has been accepted for membership by the board of directors of the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b), and (c) of this section, such applications for membership may be accepted by vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the date of the meeting of the members to which their application will be submitted and such applicant may be present and heard at the meeting.

The husband or wife of any applicant whose membership has been accepted shall become a joint member with all the rights and privileges of a joint membership in the Cooperative.

Section 2. Membership Fee. The membership fee shall be a \$5.00 payment of which shall make the member eligible to one (1) service connection. A connection fee shall be paid for each additional service connection requested by a member.

Section 3. Purchase of Electric Energy. Each member shall, as soon as electric energy shall be available, purchase from the Cooperative all electric energy used on the premises specified in their application for membership, and shall pay therefore monthly at rates which shall from time to time be fixed by the Board of Directors; provided, however, that the Board of Directors may limit the amount of electric energy which the Cooperative shall be required to furnish to any one member. It is expressly understood that amounts paid for electric energy in excess of the cost of service are furnished by members as capital and each member shall be credited with the capital so furnished as provided in these Bylaws. Each member shall pay to the Cooperative such minimum amount per month regardless of the amount of electric energy consumed, as shall be fixed by the Board of Directors from time to time. Each member shall also pay all amounts owed by him to the Cooperative as and when the same shall become due and payable.

Section 4. Non-liability for Debts of the Cooperative. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

Section 5. Expulsion of Members. The Board of Directors of the Cooperative may, by the affirmative vote of not less than two-thirds (2/3) of the members thereof, expel any member who shall have violated or refused to comply with any of the provisions of the Articles of Incorporation of the Cooperative or these Bylaws or any rules or regulations adopted from time to time by the Board of Directors. Any member so expelled may be reinstated as a member by a vote of the members at any annual or special meeting of the members. The action of the members with respect to any such reinstatement shall be final.

Section 6. Withdrawal of Membership. Any member may withdraw from membership upon payment in full of all debts and liabilities of such member to the Cooperative and upon compliance with such terms and conditions as the Board of Directors may prescribe.

Section 7. Transfer and Termination of Membership. Membership in the Cooperative and certificate representing the same shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion, or withdrawal of a member, the membership of such member shall thereupon terminate, and the certificate of membership of such member shall be surrendered forthwith to the Cooperative. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative.

When a membership is held jointly by a husband and the wife, upon the death of either such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, and the joint membership certificate may be surrendered by the survivors and upon the recording of such death on the books of the Cooperative, the certificate may be reissued to and in the name of such survivor; provided, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the Cooperative.

Section 8. Removal of Directors and Officers. A director may be removed for cause at any time by the members pursuant to the procedures specified in this section. Any member may bring charges, specifying the causes for removal against a director by filing such charges in writing with the Secretary, together with the petitions signed by 25% of all the members of the Cooperative requesting the removal of the director in question. The petition shall contain the specific charges of misconduct. The removal

shall be voted upon at the next regular or special meeting of members. The affirmative vote of 25% of all the members of the Cooperative is required to affect such removal. Any vacancy created by such removal may be filled by the members at such meeting provided that the director resides in the same district as the director in respect to whom the vacancy occurs. The director against whom such charges have been brought shall be informed in writing of the charges at least thirty (30) days prior to the meeting. That director shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him/her will have the same opportunity. If the removal of more than one director is sought, a separate vote- shall be taken as to each director.

The term "for cause" as used in this section is defined as being malfeasance in office; that is, the commission of an act which is unlawful and which affects, interrupts or interferes with the performance of official duties.

ARTICLE II

Meetings of Members

Section 1. Annual Meeting. The annual meeting of the members shall be held on the 2nd Friday in October of- the year 1974, and shall be held on the second Friday in October of each year thereafter, unless the Board of Directors by resolution adopted at least 60 days prior thereto shall set a different date, at such place, at Douglassville, in the County of Cass, State of Texas, as shall be designated in the notice of the meeting, for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. If the day fixed by the Board of Directors for the special meeting or the annual meeting shall be a Sunday or a legal holiday, such meeting shall be on the next succeeding business day. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Section 2. Special Meetings. Special meetings of the members may be called by a majority of the directors or upon a written request signed by at least twenty-five per centum (25%) 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 the County of Cass in the State of Texas specified in the notice of the special meeting.

Section 3. Notice of Meetings of Members. Written or printed notice stating the place, day, and hour of a meeting of the members, and in case of a special meeting the purpose or purposes for which the meeting is called, shall be delivered not less than twenty one (21) days nor more than thirty (30) days before the date of the meeting of the members, either personally or by mail, by or at the direction of the Secretary or by the person calling the meeting of the members, to each member of the Cooperative provided that no notice shall be required to be given either personally or by mail to any member who, for any reason, has discontinued the purchase of electric energy from the Cooperative continuously for a period of more than sixty (60) days prior to the date that such notice of the meeting of the members is given. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail,

addressed to the member at his/her 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. As long as the total number of members does not exceed one thousand (1,000), at least fifteen per centum (15%) of the total number present, represented by a cast ballot, or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members provided at least five per centum (5%) of the total number of members are present in person. In case the total number of members shall exceed one thousand (1,000), then two hundred and fifty (250) of the members present in person, represented by a cast ballot, or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members. If less than quorum is present at any meeting a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice. This Section 4 shall not apply to any district meeting of members.

Section 5. Elections and Voting. Each member entitled to vote shall be entitled to one (1) vote and no more upon each matter submitted to a vote of the members. The Cooperative shall prepare or cause to be prepared ballots that clearly state the matters to be submitted to a vote of the members and shall state the time and date by which the Cooperative must receive the completed ballot by mail. Ballots shall be mailed to the members with the notice of the meeting of the members provided for in Section 3 of this Article. A member is only entitled to cast a ballot which the Cooperative can verify is an authentic ballot. A member casting a ballot shall clearly mark his or her vote on each matter contained on the ballot that was submitted to that member. However, a member may choose not to vote on all matters contained on a ballot. A member may cast a ballot by mail or at a meeting of the members.

Any person proposing to cast the vote of any firm, corporation, or body politic, including any church, or lodge, must provide with the cast ballot, a written authorization, properly and legally adopted, executed and certified by the proper officer or officers of such organization, certifying that such person has full authority to cast the vote of such member. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

The Board of Directors may designate an independent organization to count and verify that a ballot has been properly cast as provided in these Bylaws. A ballot that is not properly cast according to these Bylaws may be rejected and not considered in the election. All matters shall be decided by a majority of the votes cast for the specific matter contained on the ballot, except as otherwise provided by law, the articles of incorporation of the Cooperative, or these Bylaws.

Section 6. Proxies. A member may not grant a proxy for the election of directors or any other matter that may be submitted to a vote of the members. However, in connection with an amendment to the Articles of Incorporation of the Cooperative a member may grant a proxy to the Board of Directors authorizing the Board of Directors to vote on behalf of the member. Such proxy shall be filed with the Secretary before or at the time of the meeting of the members. No proxy shall be voted at any meeting of 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 at such meeting. No proxy shall be valid after sixty (60) days from the date of its execution. A member may revoke a proxy by attending the meeting of the members. If a member chooses to revoke a proxy such member shall be entitled to vote at such meeting of the members in the same manner provided for under Section 5 of this Article and with the same effect as if a proxy had not been granted to the Board of Directors.

Section 7. Order of Business. Except as otherwise provided in these Bylaws, before or at a meeting of the members, the Board of Directors: (1) shall determine the agenda, program, or order of business for the meeting of members; and (2) may limit attendance at the meeting of the members to members.

Except as otherwise provided by the Board of Directors before or at a meeting of the members, the President: (1) shall preside at the meeting of the members; (2) may remove a Person from the meeting of the members for unruly, disruptive, or similar behavior; (3) may exercise power reasonably necessary for efficiently and effectively conducting the meeting of the members; and (4) contrary to Section 5 of this Article the President may call for votes on general housekeeping or procedural matters, such as the approval of minutes, motions to adjourn, etc. as may be required to conduct the meeting of the members.

Except as otherwise provided by the Board of Directors before or at a meeting of the members, members attending the meeting of the members may consider, vote, or act only upon a matter described on the ballot provided for under Section 5 of this Article that was mailed with the notice per Section 3 of this Article.

The Board of Directors shall determine how to cast any votes which the Board of Directors is entitled to vote under Section 7 of this Article and shall cast said votes at the meeting of the members.

ARTICLE III

Directors

Section 1. General Powers. The business and affairs of the Cooperative shall be managed by a board of nine (9) directors which shall exercise all the powers of the Cooperative except such as are by law or by the Articles of Incorporation of the Cooperative or these Bylaws conferred upon or reserved to the members.

Section 2. Tenure. The persons now serving as directors shall compose the Board of Directors until the annual meeting of the members for the year 1952, or until their successors shall have been elected and shall have qualified. At the annual meeting of the members beginning with the year 1952, or at any special meeting called for the purpose of electing directors, nine (9) directors shall be elected by ballots by and from the members; three (3) of whom shall serve for the term of one (1) year; three (3) of whom shall serve for the term of two (2) years; and three (3) of whom shall serve for the term of three (3) years, or until their successors shall have been elected and shall have qualified; subject to all provisions of these Bylaws with respect to the removal of directors meeting after the annual meeting of the members in 1952, or special meeting at which directors were elected, the new directors shall draw lots to determine which ones shall serve for the terms of one, two or three years respectively. This drawing shall be conducted by or under direction of- Board of Directors at said meeting. At the annual meeting of the members or special meeting for the purpose of electing directors, each year thereafter there shall be elected three (3) directors to serve for the term of three (3) years each, or until their successors shall have been elected and shall have qualified; subject, however, to all provisions of Bylaws with respect to the removal of directors.

Section 3. Qualifications. No member shall be eligible to become or remain a director of the Cooperative:

- (a) Who is a close relative of an employee of the Cooperative. By the term “close relative” is meant a mother, father, son or daughter, brother or sister (and in-laws to the same degree), husband or wife of an employee.
- (b) Who, while serving as a director or at any time preceding their nomination, shall have been finally adjudged to be guilty of a felony.
- (c) Who is holding a public office for which a salary is paid.
- (d) Who is not a bona fide resident of the district they represent; or who does not purchase all electric energy used at their bona fide residence where they actually live and reside from the Cooperative. A bona fide resident of a district is an individual who resides and is registered to vote with an address located in the district.
- (e) Who is an employee or former employee of the Cooperative.
- (f) Who is an employee or former employee of an investor owned utility.
- (g) Who is an employee of or has an ownership interest in a competing enterprise or a business selling electrical energy or supplies to the Cooperative.
- (h) Who has not been a member of the Cooperative for the twelve (12) consecutive months prior to the application deadline in Section 4 below.
- (i) Who has an account with the Cooperative that is sixty (60) days or more past due as of the application deadline in Section 4 below.

However, any director now serving on the Board of Directors, and who is not purchasing electrical energy from the Cooperative used at their bona fide residence shall be permitted to serve out the full term of office for which they were so elected prior to this date. When a membership is held jointly by a husband or wife, either one, but not both, may be elected a director; provided, however, that neither one shall be eligible to become or remain a director, or to hold a position of trust in the Cooperative unless both shall meet 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. Until otherwise ordered by the Board of Directors as provided hereinafter, the territory served or to be served by the Cooperative, shall be divided into four districts, and each district shall be represented by the number of directors hereafter shown. The original four districts and the number of directors to be nominated by such districts shall be as follows:

1. Bowie and Red River Counties - 3 directors.
2. All of Cass County, Texas - 3 directors.
3. All of Morris County, Texas - 1 director.

4. Titus and Franklin Counties - 2 directors.

Not less than sixty days before annual meeting of members in each year for the election of directors, the Board of Directors shall review the composition of the several districts and if it should be found that inequalities in representation have developed which can be corrected by a re-delineation of districts, the Board of Directors shall reconstitute the districts.

Not less than sixty days before annual meeting of members for the election of directors beginning with the year 1974, the Board of Directors shall call a separate meeting or meetings of the members of each district to be held not less than 30 days before said annual meeting of members and to be held at a suitable place in such district for the purpose of nominating a person or persons for director or directors of the Cooperative.

Notice of each district meeting of members shall be given by the Secretary for such length of time and in such manner as the Board of Directors may direct provided that a written notice, stating the place, day and hour and the purpose of such meeting, shall be published in at least one issue of the Texas Co-op Power or the official publication of the Texas Electric Cooperatives, not less than 30 days prior to such district meeting. Such district meeting, however, shall be open for discussion of any other matters pertaining to the business of the Cooperative regardless of whether or not such matters were listed in the notice of the meetings and recommendations with respect thereto may be submitted to the Board of Directors.

The district meeting in each of such districts shall be called to order by a chairman who shall be selected prior to such meeting by the Board of Directors or in his/her absence the members shall proceed to elect a chairman, who shall be someone other than a director, and the Chairman of such district meeting shall appoint a Secretary to act for the duration of the meeting. Twenty five (25) of the members residing in the district present at such duly called district meeting shall constitute a quorum, but in the event a quorum is not present at such meeting, the director then serving such district shall be the official nominee for such district.

In the event, however, a quorum is present at such duly called district meeting the director then serving such district shall be one of the official nominees for such district, and an individual may be nominated to oppose the director then serving the district in the "Election of Directors" under Section 5 of this Article. An individual who desires to oppose a director then serving the district shall submit an application to the Cooperative at least eight (8) weeks prior to the annual meeting. The Cooperative shall verify that the individual possesses the qualifications to serve as a director as specified in Section 3 of this Article. The Chairman shall post the names of those individuals who have submitted an application and who qualify to serve as a director at the district meeting. Any member present at the district meeting shall have the right to nominate one individual whose name was posted by the Chairman to oppose the director then serving the district. The meeting shall remain open for nominations until no further nominations are forthcoming, but no longer than 2 minutes. In the event multiple individuals are nominated to oppose the director then serving such district, then the voting shall be by ballot. The individual receiving the highest number of votes shall, together with the director then serving such district, be the official nominees of the district in the Election of Directors.

Voting shall be by ballot and each ballot must be signed on the back thereof by the member voting same, and proxy voting shall not be permitted at any district meeting. The chairman shall require each person who presents himself/herself to vote to show their bill card or other evidence that he/she is actually a member of the Cooperative. Each member present may vote for one of the individuals as above provided for such district. The minutes of such district meeting shall set forth, among other

matters, the name of each individual nominated at the meeting and the number of votes received by each, and shall certify the nominee receiving the highest number of votes together with the director then serving such district as the official nominees of the district for director. A certified copy of the minutes, signed by the Secretary and the Chairman of the District meeting, shall be delivered to the Secretary of the Cooperative within 5 days after such district meeting.

The Secretary of the Cooperative shall prepare and post at the principal office of the Cooperative at least thirty (30) days before the meeting of members for the election of directors beginning with the year 1975 a list of official nominees as shown by certified copies of the minutes of said district meetings.

The members may, at any meeting at which a director or directors shall be removed as provided in these Bylaws, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations, provided, however, that any such successor must reside in the same district as the director in respect of whom the vacancy occurs. Notwithstanding anything herein contained, failure to comply with any of the provisions of this sub-section shall not affect in any manner whatsoever the validity of any election of directors.

Section 5. Election of Directors. Election of directors shall be by printed ballot as provided under Article II Section 5 of these Bylaws; provided, however, if there are no nominees elected under Section 4 of this Article to oppose any incumbent directors, a ballot will not be printed, and the incumbent directors shall serve an additional 3-year term. If necessary, the ballots shall list the names of the official nominees from the previously held district meetings as provided under Section 4 of this Article or as provided under Section 6 of this Article. The ballots shall reflect the names of the nominees arranged by districts and shall reflect that a nominee is an existing director if appropriate. Each member of the Cooperative shall be entitled to one vote for each of the number of directors from each district whose term will expire at the meeting of the members. The nominee from each district receiving the highest number of votes at such meeting of the members shall be declared elected as director or directors of the Cooperative.

Section 6. Vacancies. Subject to the provision of these Bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining directors, and directors thus elected shall serve the unexpired term of such director or directors so replaced, or until their successors shall have been elected and shall have been qualified; provided, however, that when all the directors resign simultaneously, or on the same day, then it shall be the duty of the Board of Directors to forthwith call a special meeting of all the members to elect directors to serve until the next annual meeting of the members, or until their successors shall have been elected and shall have qualified. The Board of Directors or a majority thereof, in such an event, shall issue notice of such special meeting in accordance with the existing provisions of these Bylaws, it shall not be necessary for the Board to strictly follow the provisions relative to the district nominating meetings as provided in Section 4 of this Article; however, the Board of Directors or a majority thereof may appoint a nominating committee for the purpose of nominating candidates to fill the vacancies created by such resignations, or the Board of Directors may adopt any suitable means of nominating candidates for the office of director so that at least two nominees for director for each place from each district represented on the Board shall be made. The Board of Directors shall cause suitable ballots to be printed and the election shall be conducted as provided under Section 5 of this Article.

Section 7. Compensation. Members of the Board of Directors shall not receive any salary for their services as such, but the Board of Directors of the Cooperative, by resolution duly adopted, may authorize a fixed sum for each day or portion thereof spent on Cooperative business; such as attendance

at Board meetings, conferences and training programs, or performing committee assignments or attending statewide meetings of members or annual meetings of the members, including regional and national meetings of members of the Rural Electric Cooperatives. The Board of Directors may also authorize the payment by the Cooperative of insurance premiums for hospitalization, medical, health and accident insurance covering each of the directors. If authorized by the Board of Directors, board members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting of these expenses. No member of the Board of Directors 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 members or the service by the Board member or his/her close relative shall have been certified by the Board of Directors as an emergency measure. By the term "close relative" is meant a mother, father, son or daughter, brother or sister (and in-laws to the same degree), husband or wife, of an employee.

Section 8. Indemnification for Expenses and Liability. Every director and officer of the Cooperative shall be indemnified by the Cooperative against all judgments, penalties, fines, liabilities, amounts paid in settlement and reasonable expenses, including counsel fees actually incurred by or imposed upon him or her in connection with any proceeding to which he or she was, is, or is threatened to be made a party, or in which he or she may become involved, by reason, in whole or in part, of being or having been a director or officer of the Cooperative, whether or not he or she is a director or officer, at the time such expenses are incurred, to the maximum extent consistent with the provisions of Article 2.22A of the Texas Non-Profit Corporation Act; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Cooperative. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

Section 9. Power to Purchase Insurance. The Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his/her status as such, whether or not the Cooperative would have the power to indemnify him against such liability under the provision of this Article.

Section 10. Continuing Offer, Reliance. The provisions of this Article are for the benefit of, and may be enforced by, each director and officer of the Cooperative as a contract for valuable consideration and constitute a continuing offer to all present and future directors and officers of the Cooperative. The Cooperative, by the adoption of this Article, agrees that each present and future director and officer of the Cooperative has relied upon and will continue to rely upon the provisions of this Article in accepting, serving or continuing to serve as a director or officer.

Section 11. Effect of Amendment. No amendment, modification or repeal of this Article or any provision thereof shall in any manner terminate, reduce or impair the right of any past, present or future director or officer of the Cooperative to be indemnified by the Cooperative, nor the obligation of the Cooperative to indemnify any such director or officer, under and in accordance with the provisions of the Article as in effect immediately prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

Section 12. Rules and Regulations. The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these Bylaws, as it may deem advisable.

Section 13. Accounting System and Reports. The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may, from time to time, be designated by the Administrator of the Rural Electrification Administration of the United States of America. The Board of Directors shall annually cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative by a Certified Public Accountant or Accountants. Such annual audit reports shall be open for inspection by the members at the annual meeting following the filing of such audit reports, and the treasurer's report for the last preceding fiscal year shall be submitted to the members at all annual meetings.

ARTICLE IV

Meetings of Directors

Section 1. Regular Meetings. A regular meeting of the Board of Directors shall be held without notice other than this Bylaw, immediately after, and at the same place as, the annual meeting of the members. A regular meeting of the Board of Directors shall also be held monthly at such time and place in Cass County, Texas, as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

Section 2. Special Meetings. Special meetings of the Board of Directors may be called by the President or a majority of the directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Cass County, Texas), for the holding of any special meeting of the Board of Directors called by them.

Section 3. Notice. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given by written notice, delivered personally or mailed, to each director at their last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case 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.

Section 4. Quorum. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of the directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

Section 5. Manner of Acting. The act of the majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

ARTICLE V

Officers

Section 1. Number. The officers of the Cooperative shall be a President, Vice-President, Secretary and Treasurer. The offices of Secretary and Treasurer may be held by the same person.

Section 2. Election and Term of Office. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of members or until their successor shall have been duly elected and shall have qualified, subject to the provisions of these Bylaws with respect to the removal of officers.

Section 3. Removal. Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby.

Section 4. 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 5. President. The President shall:

- (a) be the principal executive officer to the cooperative and shall preside at all meetings of the members and of the Board of Directors;
- (b) sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by direction of the Board of Directors and may sign any deeds, mortgages, deed of trust, notes, bonds, contracts or other instruments authorized by the Board of Directors or 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 Bylaws 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 president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 6. Vice-President. In the absence of the President, or in the event of his/her inability or refusal to act, the Vice-President shall perform the duties of the President, and when so acting, shall have all the power of and be subject to all restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

Section 7. Secretary. The Secretary shall:

- (a) keep the minutes of meetings of the members and the Board of Directors in one or more books provided for that purpose;

- (b) see that all notices are duly given in accordance with these Bylaws or as required by laws;
- (c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provision of these Bylaws;
- (d) keep a register of the Post Office address of each member which shall be furnished to the Secretary by such member;
- (e) sign with the President certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;
- (f) have general charge of the books of the Cooperative in which a record of the members is kept;
- (g) keep on file at all times a complete copy of the Bylaws 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 forward a copy of the Bylaws and of all amendments thereto to each member who may request a copy thereof; and
- (h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Section 8. Treasurer. The Treasurer shall:

- (a) have charge and custody of and be responsible for all funds and securities of the Cooperative;
- (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit 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 Bylaws; and
- (c) in general, perform 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 of Directors.

Section 9. Manager. The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The Manager shall be an Officer of the Cooperative for the purpose of managing the day to day operations of the Cooperative, but shall not be a member of the Board of Directors. The Manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

Section 10. Bonds of Officers. The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine.

The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety, as it shall determine.

Section 11. Compensation. The compensation, if any, of any officer, agent or employee who is also a director or close relative of a director, shall be determined by the members, as provided elsewhere in these Bylaws, and powers, duties and compensation of any other officers, agents and employees shall be fixed by the Board of Directors.

Section 12. Reports. 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 and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI

Contracts, Checks and Deposits

Section 1. Contracts. Except as otherwise provided in these Bylaws, the Board of Directors may authorize any officer or officers, agent or agents to enter in to any contract or execute and deliver any instrument in the name and on behalf of the Cooperative, and such authority may be general or confined to specific instances.

Section 2. Checks, Drafts, etc. All checks, drafts or other orders for the payment of money and all notes, bonds or other evidence of indebtedness issued in the name of the Cooperative shall be signed and or countersigned by such officer or officers 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. All funds of the Cooperative, except petty cash, shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

ARTICLE VII

Membership Certificates

Section 1. Certificates of Membership. The resolution of the Board of Directors accepting and adopting persons as members of the Cooperative shall be considered as sufficient evidence of membership in the Cooperative and no certificate of membership shall be issued unless request in writing presented to the Manager or Board of Directors of the Cooperative; and within a reasonable time after receiving such written request, a certificate of membership shall be issued in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to or inconsistent with the Articles of Incorporation of the Cooperative or Bylaws; such certificate, when so issued, shall be signed by the President and by the Secretary of the Cooperative and the Cooperative seal shall be affixed thereto.

Section 2. Issue of Membership Certificates. No membership certificates shall be issued for less than the membership fee fixed in these Bylaws, nor until such membership fee has been fully paid for in cash, and such payment has been deposited with the Treasurer.

Section 3. Lost Certificate. In case of a lost, destroyed or mutilated certificate, a new certificate may be issued therefore upon such terms and such indemnity to the Cooperative as the Board of Directors may prescribe.

ARTICLE VIII

Revenue and Receipts

Section 1. Interest or Dividends on Capital. 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. 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. 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 of the amount of capital so credited to his/her account. 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 in pursuance of a legal obligation to do so and patron had then furnished the Cooperative corresponding amounts for capital.

All amounts received after January 1, 1964 by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year, and (b) to the extent not needed for that purpose, allocated to its patrons 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.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative has been paid, outstanding capital credits shall be retired without priority on a pro rata basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, and with the prior approval of the Administrator, Rural Electrification Administration, Washington, D. C., and the Governor, National Rural Utilities Cooperative Finance Corporation, Herndon, Virginia, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part.

All persons to whom capital credits have been allocated shall keep the Cooperative informed of their current mailing address; and the Cooperative shall be obligated to pay to each member or former member

his share of the capital so retired in accordance with these Bylaws by either; (1) applying the capital as a credit to a current member's account; or (2) issuing checks therefore and mailing same to such members and former members at their last known address as shown in the records of the Cooperative; provided, however, that no check shall be issued or mailed to any member or former member whose mailed check for the previous year was returned unclaimed unless a true and correct address is furnished the Cooperative. All amounts represented by checks which are unclaimed, unrelieved or un-cashed at the end of three (3) years from the date of mailing such checks shall be deemed a contribution to the capital of the Cooperative.

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

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws 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 Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperatives office.

Section 3. Patronage Refund in Connection with Furnishing Other Services. All interest revenue, investment income, or other income of the Cooperative not received from business of furnishing electric energy shall be allocated to the patrons of the Cooperative in the form of capital credits or otherwise.

ARTICLE IX

Waiver of Notice

Any member or director may waive, in writing, any notice of meetings required to be given by these Bylaws.

ARTICLE X

Disposition of Property

The Cooperative may not sell, lease or otherwise dispose of any of its property other than:

- (a) property which, in the judgment of the Board of Directors, neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of the property of the Cooperative;

- (b) services of all kinds, including electric energy; and
- (c) personal property acquired for resale, unless such sale, lease or other disposition is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of all the members of the Cooperative voting thereon in person at such meeting and the notice of such proposed sale, lease or other disposition shall have been contained in the notice of the meetings; provided, however, that notwithstanding anything therein contained, the Board of Directors, without authorization by the members 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 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 there-from, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative.

ARTICLE XI

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 XII

Membership in Other Organizations

The Cooperative shall not become a member of any other organization without an affirmative vote of two-thirds (2/3) of all of the Board of Directors at any regular or special meeting. Provided, however, that the Directors shall have full power and authority on behalf of the Cooperative to purchase stock in or to become a member of any corporation or cooperative organized on a non-profit basis for the purpose of engaging rural electrification.

ARTICLE XIII

Seal

The corporate seal of the Cooperative shall be in the form of a circle and shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Texas".

ARTICLE XIV

Amendments

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