

BYLAWS OF
BARTLETT ELECTRIC COOPERATIVE, INC.
(As Amended Through September 24, 2020)

ARTICLE I
MEMBERSHIP

SECTION 1.01. ELIGIBILITY. Any natural person, firm, association, legal entity, or body politic (each hereinafter referred to as “Applicant,”) shall be eligible to become a Member (as hereafter defined) of, and, at one or more premises owned or directly occupied or used by such Applicant, to receive electric service from, Bartlett Electric Cooperative, Inc. (hereinafter called the “Cooperative”). No Applicant or Member may hold more than one membership in the Cooperative (“Membership”).

SECTION 1.02. APPLICATION FOR MEMBERSHIP.

(a) NEW MEMBERSHIP. By submission of an application for Membership (“Membership Application”), the Applicant shall agree to the following:

(i) Purchase electric power and energy from Cooperative;

(ii) Be bound by and to comply with all other provisions of Cooperative’s Articles of Incorporation and Bylaws, and all rules, regulations and rate schedules established pursuant thereto, as all the same then exist or may thereafter be duly adopted or amended (hereinafter referred to as “Membership Obligations”). Applicant shall execute a supplemental contract provided by the Cooperative for particular classifications of service as deemed required by the Board of Directors. The Membership Application shall be accompanied by the Membership Fee provided for in Section 1.03, together with any of the following: service security deposit, service connection deposit or fee, facilities extension deposit, and/or contribution in aid of construction that may be required by the Cooperative (“Additional Fees”), which Membership Fee and Additional Fees, if any, shall be refunded in the event the Member Application is denied by Board resolution.

(b) RENEWAL OF PRIOR MEMBERSHIP APPLICATION. Any former Member of the Cooperative, by paying a new Membership Fee and any outstanding account plus accrued interest thereon at the Texas legal rate on judgments in effect when such account first became overdue, compounded annually, together with any Additional Fees that may be required by the Cooperative, may renew and reactivate any prior Membership Application to the same effect as though the Membership Application had been newly made on the date of such payment and such former Member shall resume Membership Obligations as set forth in this Section 1.02 for a new Member.

SECTION 1.03. MEMBERSHIP FEE; SERVICE SECURITY AND FACILITIES EXTENSION DEPOSITS; CONTRIBUTION IN AID OF CONSTRUCTION. The Membership Fee shall be as fixed from time to time by the Board of Directors. The Membership Fee, together with any Additional Fees or any combination thereof, if required by the Cooperative, shall entitle the Member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative, together with any Additional Fees or any combination thereof, if required by the Cooperative, shall be paid by the Member for each additional service connection requested by the Applicant or Member.

SECTION 1.04. JOINT MEMBERSHIP. In Application(s) for residential electric service, spouses will be accepted into joint Membership (“Joint Membership”) or, if one spouse is already a Member, will automatically convert such Membership into a Joint Membership. Except for circumstances in which spouse(s) have a separate Membership for an entity or unless otherwise clearly distinguished in the text, any and all provisions relating to the rights, powers, terms, conditions, obligations, responsibilities and liabilities of Membership shall apply equally, severally and jointly to Joint Membership, including the following:

(a) The presence at a meeting of either or both joint Members (“Joint Members”) shall constitute the presence of one Member and joint waiver of notice of the meeting;

(b) The vote of either or both Joint Members shall constitute, respectively, one vote: PROVIDED, however, that if both Joint Members are present but in disagreement on such vote, each Joint Member shall cast only one-half (½) vote;

(c) Notice to, or waiver of notice signed by, either or both Joint Members shall constitute, respectively, a joint notice of waiver of notice;

(d) Joint Member(s) shall notify Cooperative in writing of a cessation of marriage or cessation of the legally recognized relationship.

(e) Suspension or termination in any manner of either of the Joint Members shall constitute, respectively, suspension or termination of the Joint Membership, except as is provided in Section 2.06; and

(f) Either, but not both Joint Members concurrently, shall be eligible to serve as a director of the Cooperative, but only if both of the Joint Members meet the qualifications required thereof.

(g) Neither of the Joint Members will be permitted to have any additional service connections except through their one Joint Membership or as otherwise determined by the Board of Directors.

SECTION 1.05. ACCEPTANCE INTO MEMBERSHIP. Upon complying with the requirements set forth in Section 1.02, any Applicant shall automatically become a Member of the Cooperative (“Member”) on the date of the connection for electric service of the Applicant; PROVIDED, however, that the Board of Directors may by resolution deny any Membership Application and refuse to extend service upon the Board of Directors determination that the Applicant is not willing or is not able to satisfy and abide by the Cooperative's terms and conditions of Membership or that such Membership Application should be denied for other good cause consistent with the Cooperative Rules and Regulations.

SECTION 1.06. PURCHASE OF ELECTRIC POWER AND ENERGY; POWER PRODUCTION BY MEMBER; APPLICATION OF PAYMENTS TO ALL ACCOUNTS. The Cooperative shall make all reasonable efforts to furnish its Members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof. Each Member shall:

(a) Except as may be otherwise permitted pursuant to the Cooperative’s Distributed Generation policies, tariffs, rules and regulations, for so long as such premises are owned or directly occupied or used by such Member, purchase from the Cooperative all electric power and energy for use on all such premises to which electric service has been furnished by the Cooperative pursuant to the applicable policies, tariffs, rules and regulations of the Cooperative;

(b) Pay for such electric service purchased from the Cooperative at the times and in accordance with the policies, tariffs, rules, regulations, and rate schedules (including any monthly minimum amount that may be charged without regard to the amount of electric power and energy actually used) established by the Board of Directors, and, if in effect, in accordance with the provisions of any supplemental contract that may have been entered into as provided for in Section 1.02. Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate policies, tariffs, rules and regulations as shall be fixed from time to time by the Cooperative;

(c) Pay all other amounts owed by the Member to the Cooperative as and when such amounts become due and payable. When the Member has more than one service connection from the Cooperative, any

payment by such Member for service from the Cooperative, shall be deemed to be allocated and credited on a pro rata basis to such Member’s outstanding accounts for all such service connections, notwithstanding that the

Cooperative's actual accounting procedures do not reflect such allocation and proration.

SECTION 1.07. MEMBER-FURNISHED CAPITAL. All amounts paid for electric service in excess of the cost thereof shall be furnished by Members as capital, and each Member shall be credited with the capital so furnished as provided in Article IX of these Bylaws.

SECTION 1.08. RESPONSIBILITIES FOR WIRING OF PREMISES AND METERING.

(a) MEMBER RESPONSIBILITY.

(i) Wiring of Premises. Each Member shall cause all premises receiving electric service from the Cooperative to become and to remain wired in accordance with the specifications of the National Electric Code, any applicable state code or local government ordinances, and of the Cooperative.

(ii) Meter Tampering or Bypassing; Damage to Cooperative Properties. Each Member shall:

(A) Make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other hostile source for meter reading, bill collecting and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times;

(B) As part of the consideration for such service, be the Cooperative's bailee of such facilities and shall accordingly desist from interfering with, impairing the operation of or causing damage to such facilities, and shall use the Member's best efforts to prevent others from so doing;

(C) Provide such protective devices to Member's premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and such facilities' operation and to prevent any interference with or damage to such facilities.

(iii) Indemnification. Each Member shall be responsible for and shall indemnify the Cooperative, its employees, agents and independent contractors, against death, injury, loss or damage:

(A) Resulting in any defect in or improper use or maintenance of all premises receiving electric service from the Cooperative by the Member and all wiring and apparatuses connected thereto or used thereon; and

(B) Including, but not limited to the Cooperative's cost of repairing, replacing or relocating any metering facilities and Cooperative's loss, if any, or revenues resulting from the failure or defective functioning of its metering equipment, in the event such facilities are interfered with, impaired in such facilities' operation or damaged by the Member, or by any other person when the Member's reasonable care and surveillance should have prevented such.

(b) COOPERATIVE RESPONSIBILITY. Cooperative shall, in accordance with Cooperative's applicable service rules and regulations, adjust the Member's account for any overcharges for service that may result from a malfunctioning of Cooperative's metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery, as determined by the Cooperative in its sole discretion.

SECTION 1.09. MEMBER TO GRANT EASEMENTS TO COOPERATIVE AND PARTICIPATE IN REQUIRED COOPERATIVE LOAD MANAGEMENT PROGRAMS. Each Member shall:

(a) Upon Cooperative's request, execute and deliver to the Cooperative grants of easement or right-of-way over, on, and under such lands owned or mortgaged to the Member, and in accordance with terms and conditions as the Cooperative shall require for construction, operation, maintenance or relocation of the Cooperative's electric facilities for the furnishing of electric service to such Member and/or any other Member of the Cooperative; and

(b) Participate in any required program and comply with related rates and service rules and regulations that may be established by the Cooperative to enhance load management, to more efficiently utilize or conserve electric energy, or to conduct load research.

ARTICLE II

MEMBERSHIP,

SUSPENSION AND TERMINATION

SECTION 2.01. SUSPENSION; REINSTATEMENT. Upon Member's failure, after the expiration of the time periods prescribed either in a specific notice to Member or in the Cooperative's rules and regulations, to pay any amount due the Cooperative or to cease any other non-compliance with the Member's Membership Obligations, a Member's Membership shall automatically be suspended; and such Member shall not, during such suspension, be entitled to receive electric service from the Cooperative or to cast a vote at any meeting of the Members. Payment of all amounts due the Cooperative, including any additional charges required for such reinstatement, and/or cessation of any other non-compliance with such Member's Membership Obligations within the final time limit provided in such notice or rules and regulations shall automatically reinstate the Member's Membership, in which event the Member shall thereafter be entitled to receive electric service from the Cooperative and to vote at the meetings of Cooperative's Members.

SECTION 2.02. TERMINATION BY EXPULSION; RENEWED MEMBERSHIP. Upon failure of a suspended Member to be automatically reinstated to Membership, as provided in Section 2.01, such Member may, without further notice, but only after due hearing if such is requested by said Member, be expelled by resolution of the Board of Directors at any subsequently held regular or special meeting of the Board. Any Member so expelled may, by delivering written notice to that effect to the Cooperative at least ten (10) days prior to the next meeting of the members, appeal to and be present and heard at such meeting, which may vote approval of such expulsion or disapproval thereof, in which latter event such Member's Membership shall be reinstated retroactively to the date of such Member's expulsion. After any finally effective expulsion of a Member, such expelled Member may not again become a Member except upon new Membership Application therefor duly approved as provided in Section 1.05. The Board of Directors, acting upon principles of general application in such cases, may establish such additional terms and conditions for renewed Membership as it determines to be reasonably necessary to assure the Applicant's compliance with all his Membership Obligations.

SECTION 2.03. TERMINATION BY WITHDRAWAL OR RESIGNATION. A Member may withdraw from Membership upon such generally applicable conditions as the Board of Directors shall prescribe and upon either:

(a) Ceasing to own or directly occupy or use all premises being furnished electric service by the Cooperative pursuant to the Member's Membership; or

(b) Except when the Board of Directors specifically waives such condition, abandoning totally and permanently the use of electric service on such premises.

SECTION 2.04. TERMINATION BY DEATH OR CESSATION OF EXISTENCE; CONTINUATION OF MEMBERSHIP IN REMAINING OR NEW PARTNERS. Except as provided in Section 2.06, the death of an individual Member shall automatically terminate such Member's Membership. The cessation of the legal existence of any other type of Member shall automatically terminate such Member's Membership: PROVIDED, however, that upon the dissolution for any reason of a Member

that is a partnership, or upon the death, withdrawal or addition of any individual partner from such Member partnership, such Member's Membership shall continue to be held by such remaining and/or new partner or partners as continue to own or directly to occupy or use the premises being furnished electric service by the Cooperative pursuant to such Member's Membership in the same manner and to the same effect as though such Member's Membership had never been held by different partners: PROVIDED FURTHER, that neither a withdrawing partner nor said partner's estate shall be released from the obligation to pay any amounts then due the Cooperative.

SECTION 2.05. EFFECT OF TERMINATION. Upon the termination in any manner of a Member's Membership, such terminated Member or such terminated Member's estate, as the case may be, shall be entitled to a refund by the Cooperative of the terminated Member's Membership Fee (and to the terminated Member's service security deposit, if any, theretofore paid the Cooperative), less any amounts due the Cooperative, but neither the terminated Member nor the terminated Member's estate, as the case may be, shall be released from any debts or other obligations then remaining due to the Cooperative. Notwithstanding the suspension or expulsion of a Member, as provided for in Sections 2.01 and 2.02, such suspension or expulsion shall not, unless the Board of Directors shall expressly so elect, constitute such release of such Member from the Member's Membership Obligations as to entitle the Member to purchase from any other person any electric power and energy for use at the premises to which such service has theretofore been furnished by the Cooperative pursuant to such Member's Membership.

SECTION 2.06. EFFECT OF DEATH, LEGAL SEPARATION OR DIVORCE UPON A JOINT MEMBERSHIP. Upon the death of either spouse of a Joint Membership, such Membership shall continue to be held solely by the survivor, in the same manner and to the same effect as though such Membership had never been joint: PROVIDED, however, that the estate of the deceased spouse shall not be released from any debts or obligations due the Cooperative on the date of death of the deceased spouse. Upon the legal separation or divorce of the Members of a Joint Membership, such Membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such Membership in the same manner and to the same effect as though such Membership had never been joint: PROVIDED, however, that neither spouse shall be released from any debts or obligations due the Cooperative on the date of separation or divorce, and electric service to the premises may be terminated in accordance with the rules and regulations of the Cooperative, if any bills for electric service to the premises are unpaid.

SECTION 2.07. BOARD ACCEPTANCE OF MEMBERS RETROACTIVELY. Upon discovery that the Cooperative has been furnishing electric service to any person or entity other than a member, Cooperative shall cease furnishing such electric service, unless such person applies for, and the Board of Directors approves, membership retroactively to the date on which such person first began receiving such service, in which event the Cooperative, to the extent practicable, shall correct Cooperative's membership and all related records accordingly.

ARTICLE III
MEETINGS OF MEMBERS

SECTION 3.01. ANNUAL MEETING.

(a) For the purposes of electing directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held during the month of October each year, at such place in one of the counties in Texas within which the Cooperative serves, on such date and beginning at such hour, as the Board of Directors shall from year to year fix.

(b) Notwithstanding any provision of these Bylaws to the contrary, the Board of Directors (i) for cause sufficient to it, may fix a different date for such annual meeting not more than thirty (30) days prior to October 1st or subsequent to October 31st, and (ii) in the event of a Force Majeure Event, may postpone such annual meeting to a date determined by the Board of Directors to be as soon as reasonably practicable after the removal of the cause of the Force Majeure Event. For purposes of this paragraph, the term "Force Majeure Event" means any cause that is beyond the reasonable control of, and without the fault of, the Board of Directors, including, without limitation, any intervening act of God or public enemy, war, invasion, act of terror, natural disaster, disease, outbreak, epidemic, pandemic, or other declaration of public health emergency, quarantine restriction, and any action of any governmental body or authority.

(c) It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage Member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative. The Cooperative's failure to hold an Annual or Regular Member Meeting does not affect an action taken by the Cooperative.

SECTION 3.02. SPECIAL MEETINGS. A special meeting of the Members may be called by (i) the President, (ii) by resolution of the Board of Directors, (iii) by any three (3) directors upon written request to the Board of Directors signed by all requesting directors and delivered to the President of the Board of Directors of the Cooperative, or (iv) by petition signed by not less than ten percent (10%) of all the Members and delivered to the General Manager of the Cooperative, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a special meeting shall be held at such place in one of the counties in Texas within which the Cooperative serves, on such date, not sooner than forty (40) days after the date the special meeting is called, as above provided, and beginning at such hour as shall be designated by him or those calling or petitioning for the special meeting. Member(s) attending Special Meetings shall comply with the Code of Conduct set forth in Section 3.07 of these Bylaws.

SECTION 3.03. NOTICE OF MEMBER MEETINGS.

(a) Written or printed notice of the place, day and hour of the meeting and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each Member not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary (and, in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail may be included with Member service billings or as an integral part of or with the Cooperative's monthly newsletter.

(b) No matter which, as provided by law, or by the Cooperative's Articles of Incorporation or Bylaws, requires the affirmative votes of at least a majority of all the Cooperative's Members shall be acted upon at any meeting of the Members unless notice of such matter shall have been contained in the notice of the meeting.

(c) 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 and postmarked at least ten (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted.

(d) Failure of any Member to receive a 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.

(e) The attendance in person of a Member at any meeting of the Members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have lawfully called or convened. Any Member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. QUORUM. Business may not be transacted at any meeting of the Members unless there are present in person at least fifty (50) Members, which shall constitute a quorum, except that, if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than forty (40) days later and to any place in one of the counties in Texas within which the Cooperative serves: PROVIDED, however, that the Secretary shall notify any absent Members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. Notwithstanding the foregoing, (a) in those instances where applicable law (i) requires that a greater number or percentage of members be present to constitute a quorum in order to transact any particular item of business, then a quorum for purposes of such item of business (but not for other items of business not requiring such greater number or percentage of members be present) shall be the minimum required by such law, or (ii) allows a quorum for any particular item of business to be achieved by Members being represented at such meeting by proxy, then if the Board of Directors allows voting by

proxy at such meeting as provided in Section 3.05(a), then such Members represented at such meeting by proxy shall count toward the number of Members needed for a quorum, and (b) if voting by mail is allowed at a meeting of the Members as provided in Section 3.05(b), Members voting by mail are counted as present in person for purposes of determining whether a quorum is present.

SECTION 3.05. VOTING. Each Member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the Members. Voting by Members other than Members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each Member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the Members, all questions shall be decided by a majority of the Members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy or by mail; provided, however, that:

- (a) If the matter to be voted on at the meeting is an amendment of the Cooperative's Articles of Incorporation, the Board of Directors may allow voting by proxy.
- (b) In case of a Force Majeure Event (as defined in Section 3.01(b)), the Board of Directors may elect to hold a meeting of the Members without Members being physically present and allow voting at such meeting by proxy (with respect to any matter described in Section 3.05(a)) or by mail ballot (with respect to any other matter). If voting by mail ballot is allowed at such meeting, the following provisions shall apply:
 - (i) Members voting by mail ballot are considered present in person and in attendance at the meeting;
 - (ii) In connection with any matter of business of the Cooperative, including the election of directors, submitted to a vote by mail ballot at such meeting, the Board of Directors shall cause printed mail ballots to be prepared and mailed to the Members for their action. Ballots so mailed shall specify the Member meeting to which they correspond, list each issue or question submitted and, if directors are to be elected, list the names of person(s) nominated for director (arranged by Directorate District), and each mail ballot shall contain and provide a place where the Member may indicate such Member's vote;
 - (iii) Each Member shall be instructed that such Member's mail ballot must be received by 5:00 p.m. (local time) at the location determined by the Board of Directors or, if no such determination is made, at the Cooperative's principal office, at least four (4) days before the date of the meeting; and
 - (iv) Each mail ballot shall be signed by the Member and mailed or delivered by hand or courier by the Member casting such ballot to the location determined by the Board of Directors or, if no such determination is made, to the Secretary of the Cooperative at the Cooperative's principal office.
- (c) If voting by proxy or mail ballot is allowed, the Cooperative shall receive, validate, and count the votes cast by proxy and mail ballots, and the Cooperative shall promptly announce the results of the voting to its Members.

SECTION 3.06. ORDER OF BUSINESS. The order of business at the annual meeting of the Members and, insofar as practicable or desirable, at all other meeting of the Members shall, unless otherwise set by the Board of Directors, be essentially, as follows:

- (a) Report on the existence of a quorum;
- (b) Report on the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
- (c) Taking necessary action upon unapproved minutes of previous meetings of the Members;
- (d) Presentation and consideration of any reports of officers, directors and committees;

- (e) Election of directors;
- (f) Unfinished business;
- (g) New business; and
- (h) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the Members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business; PROVIDED, however, that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

SECTION 3.07. MATTERS AND CODE OF CONDUCT AT MEMBER MEETINGS.

(a) Except as otherwise provided by the Board of Directors, in its sole discretion, before or at a Member Meeting, Members attending the Member Meeting (i) may consider, vote, or act only upon a matter described in the notice of the Member Meeting and for which the power to consider, vote, or act is conferred upon Members by law, the Articles, or these Bylaws; or (ii) may raise or discuss a matter at a Member Meeting that was not described in the notice of the Member Meeting under (i) above, only if: (1) at least one hundred fifty (150) unsuspended Members sign one (1) or more written requests to raise or discuss the matter; and (2) the Cooperative receives all written requests at least forty five (45) days before the Member Meeting at which the matter will be raised or discussed.

(b) In order to conduct meetings of the Members in an orderly, fair, safe, and efficient manner, at all meetings in which a Member wishes and is permitted to attend, pursuant to Section 3.07(a) of these Bylaws, to speak or otherwise address attendees on a matter, whether at a Members' Annual Meeting, Members' Special Meeting, or Board Meeting in which such Member has complied with Section 5.01(b) on Request to Speak at Board Meeting, such Member shall strictly adhere to the Code of Conduct as stated herein, except and to the extent the presiding officer at such meeting, in such officer's sole discretion, determines that any particular Code of Conduct requirement is not applicable for such meeting.

(c) Procedure upon being permitted to speak or otherwise address attendees.

(i) Only Members may address those in attendance at a meeting.

(ii) Meetings of the Members and Board of Directors, whether regular or special meetings, are not open to the public. Meetings of the Members are closed to all non-Members, except (a) non-Member spouses and immediate family members when the Member(s) is/are present, (b) officers, staff, legal counsel, inspector of elections, parliamentarian, if any, and the persons in the employ of such individuals, and (c) other persons at the invitation of the officers of the Cooperative or the Board of Directors.

(iii) If otherwise permitted to speak at any such meeting, no Member may speak in the meeting or otherwise address the Members or Board of Directors unless recognized by the officer of the Cooperative presiding at the meeting ("Presiding Officer"). The Presiding Officer shall have the absolute right and discretion (a) to permit any Member to speak; (b) to limit the time for such Member to speak, and/or (c) to stop the speaking of such Member after the Member begins speaking. The Presiding Officer may order and provide for the removal of any Member speaking, conducting himself/herself or otherwise acting in violation this Section 2.01 or contrary to the Presiding Officer's instructions.

(iv) If a Member wishes and is permitted to speak or otherwise address the meeting, such Member shall approach the nearest microphone station or raise a hand for a microphone to be provided to the Member in the room or auditorium in which the meeting is held and wait to be recognized by the Presiding Officer, in order

for the other attendees to properly hear the Member speaking.

(v) Once recognized, and provided a microphone, the Member shall clearly and succinctly state the Member's name, status as Member (e.g., an active Member receiving service in Cooperative's certificated territory), and Member's question or comment.

(vi) All questions shall be directed to the Presiding Officer of the meeting. Members' comments shall not be directed to the full body of those in attendance at the meeting. Requests or attempts to engage other Members, Directors or the Cooperative's staff in discussion in the hearing of the full body will not be permitted.

(vii) Questions, comments or remarks by Members permitted to speak in response to the Member who initiated the discussion shall be confined to matters permitted pursuant to Section 3.07(a) and briefly stated. The Presiding Officer shall have sole discretion in determining the number of Members who may question, comment, or remark on the matter at issue and the length of time each Member may speak, which will be equally applied to all Members permitted to speak.

(viii) No written information a speaking Member wishes to provide may be given to the Members attending the meeting, but shall be provided to the Presiding Officer of the meeting.

(d) Length and Number of Speeches

(i) The Presiding Officer has absolute discretion to determine the time limits for each speaker. However, in order for all Members to have an equal opportunity to speak, each Member is generally limited to one (1) question or comment lasting no more than five (5) minutes in length. Additional questions may be asked if time permits before the close of the meeting if the Presiding Officer of the meeting recognizes the Member to speak.

(ii) Once a Member has spoken on a subject, other Member(s) are permitted to speak before the initial speaking Member will being recognized to speak a second time.

(iii) Proponents for Member proposals shall have two (2) minutes to present a proposal; PROVIDED, however, (1) no action shall be taken upon any proposal at a meeting where the matter proposed was not stated in the notice of the meeting; and (2) no Membership approval or action is required at the meeting for such proposal.

(iv) If, while a Member is speaking at a meeting, another Member wishes to address a question to the speaking Member, such other Member shall rise and wait to be recognized by the Presiding Officer. If recognized, the Presiding Officer will ask the speaking Member if the speaking Member wishes to yield a portion of that Member's two (2) minutes to permit the requesting Member to speak and will advise the speaking Member that s/he is under no obligation to do so.

(e) Decorum

(i) At all times, all Members and attendees shall observe the following decorum:

(A) Demonstrate respect for all other attendees and permit each speaker the courtesy of concluding the Member's remarks without interruption;

(B) Refrain from behavior which will disrupt the meeting, such as, making loud noises, clapping, shouting, booing, hissing, or engaging in any other activity or manner that disturbs, disrupts, or impedes the orderly conduct of the meeting;

(C) Refrain from creating, provoking, or participating in any type of disturbance involving unwelcome physical contact;

- (D) Refrain from using cellular or mobile phones, pagers, or other electronic devices, which make sounds while the meeting is in session;
- (E) Wear appropriate attire, including shoes and shirts;
- (F) Refrain from abusive and/or threatening language and/or behavior;
- (G) Refrain from use of signs, costumes or other symbolic material; and
- (H) Refrain from the use of photography, audio, and/or video recording of any meeting.

(ii) All bags, purses, briefcases, and similar belongings of all Members and attendees are subject to search for weapons and other dangerous materials, items and devices.

(iii) Subject to the rules as stated in this Section, the views and comments of all Members are welcome. However, the purpose of the meeting will be observed and the Presiding Officer, at his/her sole discretion, may stop discussions that are as follows:

- (A) Not relevant to the business of the meeting as described in the notice of the meeting or as otherwise permitted in the Bylaws or the conduct of the company's operations;
- (B) Related to pending or threatening litigation;
- (C) Derogatory references that are not in good taste;
- (D) Unduly prolonged beyond time limits set as stated herein;
- (E) Substantially repetitious of statements made by other Members; and/or
- (F) Related to personal grievances. If a Member has a personal issue or grievance, such Member should contact the Cooperative's Secretary after the meeting and the Secretary will direct such Member to the appropriate management staff of the Cooperative for resolution.

(f) Discipline

(i) Failure to comply with this Code of Conduct may result in removal from the meeting.

(ii) The Presiding Officer has absolute discretion to order any disorderly Member(s) at a meeting be removed from the meeting if, in the opinion of such Presiding Officer, the Member(s)' conduct at the meeting impedes the orderly and efficient conduct of the meeting.

(iii) Prior to removal of a disorderly Member(s), if practicable, the Presiding Officer will request the Member(s) cease the offensive conduct. If the Member(s) continue the conduct, the Presiding Officer may provide a warning that the Member(s) will be asked to leave if the Member(s)' disruptive conduct does not cease. If the Member(s) do not heed such request and warning, the Presiding Officer may order the removal of the Member(s) from the meeting.

(iv) Once removed, such Member(s) shall not re-enter the meeting under any circumstances. If such Member(s) would like to express any remaining grievances in a civil manner after the meeting, such Member(s) may contact the Cooperative's Secretary and the Secretary will direct such Member to the appropriate management staff for attempted resolution.

ARTICLE IV
DIRECTORS

SECTION 4.01. NUMBER AND GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors or under the authority, and subject to the Board's direction and oversight. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the Members and such as the Board may delegate to or authorize to be performed by the Cooperative's management and employees. The Board may cause the Cooperative to, directly or through an affiliate, engage in any business or activity, and exercise any powers, authorized under the Electric Cooperative Corporation Act (or any successor statute thereto) and any other laws related to electric cooperatives, including the provision of electric and nonelectric services, including without limitation broadband services.

SECTION 4.02. QUALIFICATIONS AND TENURE. A Director or Director candidate must comply with the following Bylaw provisions:

(a) DIRECTOR QUALIFICATIONS. No person shall be eligible to become or remain a director of the Cooperative who:

(i) Is employed by the Cooperative or has been an employee of the Cooperative within the last five (5) years;

(ii) Is a close relative of an incumbent director or of an employee of the Cooperative;

(iii) Is not a Member in good standing of the Cooperative and receiving service therefrom at this primary residential abode in the District for which such person seeks election or was elected: PROVIDED, however, that the operating or chief executive of any Member which is not a natural person, such as a corporation or church, shall, notwithstanding that the Member does not receive service from the Cooperative at such Member's primary residential abode, be eligible to become a director from the Directorate District in which such Member is receiving service from the Cooperative, if the operating or chief executive of such Member (1) is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year-round resident within an area served by the Cooperative; BUT PROVIDED FURTHER, that no more than one (1) such person may serve on the Board of Directors at the same time;

(iv) Is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy or selling supplies to the Cooperative;

(v) Unless excused by the Board of Directors, which action shall be noted in the minutes of that meeting of the Board of Directors, misses three (3) consecutive regular meetings of the Board of Directors, or misses three (3) regular meetings of the Board of Directors within the most recent twelve (12) month period; or

(vi) Has been convicted of a felony in this State or any other State.

(b) DIRECTOR DISQUALIFICATIONS. After being elected or appointed, if a Director does not comply with all Director Qualifications, the Board shall disqualify the Director and the individual is no longer a Director if:

(i) The Board notifies the Director in writing of the basis for the disqualification, and provides the Director an opportunity to comment regarding the Board's proposed disqualification; and

(ii) Within twenty (20) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualifications.

SECTION 4.03. ELECTION. At each annual meeting of the Members, directors shall be elected by secret written ballot by the Members and, except as provided in the first provision of Section 4.02 of these Bylaws, from among those Members who are natural persons: PROVIDED, however, that when the number of nominees does not exceed the number of directors to be elected from a particular Directorate District, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast unless the Members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this Bylaw provision shall be drawn to the attention of the Members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie votes.

SECTION 4.04. TENURE. Directors shall be so nominated and elected that one (1) director from or with respect to each of three (3) Directorate Districts shall be elected for three (3) year terms at an Annual Member Meeting and the same procedure will be followed for each successive year, so that there shall be three (3) different Board vacancies filled each year, each being filled for a term of three (3) years. Upon the directors' election, directors shall, subject to the provisions of these Bylaws with respect to the removal of directors, serve until the annual meeting of the Members of the year in which such directors' terms expire or until such directors' successors shall have been elected and shall have qualified. If for any reason an election of directors shall not be held at an annual meeting of the Members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the Members. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next Member meeting at which a quorum is present.

SECTION 4.05. DIRECTORATE DISTRICTS.

(a) The territory served by the Cooperative shall be divided into nine (9) Directorate Districts. Each District shall be represented by one director.

(b) The Board of Directors shall annually review and if necessary, re-divide and/or geographically relocate Districts to ensure that Director Districts equitably represent the Members.

(c) Within sixty (60) days following any Director District revision, and at least sixty (60) days before the next Annual Member Meeting, the Cooperative shall notify any Members affected by the Director District revision by mail using direct mail, billing inserts, or the Cooperative's monthly magazine.

(d) No Director District revision may: (1) increase an existing director's term, or (2) shorten any existing director's term unless the affected director gives written consent.

SECTION 4.06. NOMINATIONS.

(a) NOMINATION BY COMMITTEE.

(1) COMMITTEE QUALIFICATIONS. It shall be the duty of the Board of Directors to appoint, not earlier than March 1 of each year and not less than sixty (60) days prior to the date of a meeting of the Members at which directors are to be elected, a Committee on Nominations, consisting of:

- (i) Not less than five (5) and no more than eleven (11) members of the Cooperative;
- (ii) Members who are not existing Cooperative employees, agents, officers, directors or known candidates for director;
- (iii) Members who are not close relatives (as hereinafter defined) or members of the same household of such existing employees, agents, officers, directors or known candidates for director; and

(iv) Members who are selected from different geographical sections so as to ensure equitable representation, including at least one (1) Member from the Directorate Districts to be filled at the election.

(2) COMMITTEE NOMINATION PROCESS.

(i) The Committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days prior to the meeting of the Members at which the election will be held a list of nominations for directors to be elected, listing separately the nominee(s) for each Directorate District from or with respect to which a director must, pursuant to this Article, be elected at the meeting.

(ii) The Committee may include as many nominees for any director to be elected from or with respect to any Directorate District as it deems desirable.

(b) **NOMINATION BY PETITION.** Any one hundred fifty (150) or more Members of the Cooperative, acting together, may make additional nominations in writing over such Members' signatures, listing the Members' nominee(s) in like manner, not less than forty-five (45) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the Committee is posted.

(c) **NOTICE OF NOMINATIONS.** The Secretary shall mail to the members with the notice of the meeting of the Members at which Directors are to be elected, or separately, but at least ten (10) days prior to the date of such meeting, a statement of the names of all nominee(s) for each Directorate District from or with respect to which one or more directors must be elected, showing clearly those nominated by the Committee and those nominated by petition, if any.

(d) **NO NOMINATION AT THE MEETING.** At the meeting of the Members at which directors are to be elected, Members may not make nominations from the floor nor nominate or vote for write-in candidates.

Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 4.07. VOTING FOR DIRECTORS; VALIDITY OF BOARD

ACTION. In the election of directors, each Member shall be entitled to cast only one vote for each Directorate District for which a director is to be elected at such meeting of the Members. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate District shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

SECTION 4.08. REMOVAL OF DIRECTORS BY MEMBERS.

(a) **PETITION.** Any Member may bring one or more charges for cause against any one or more directors and may request the removal of such director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten (10%) percent of the total Membership of the Cooperative, which petition shall:

(i) Call for a special Member meeting, the stated purpose of which shall be to hear and act on such charge(s) and, if one or more directors are recalled, to elect their successor(s) and specify the place, time and date thereof not less than forty (40) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual meeting if such meeting will be held no sooner than forty (40) days after the filing of such petition;

(ii) State, on each page, in the forepart thereof, the name(s) and address(es) of the Member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the director(s) against whom such

charge(s) is(are) being made;

(iii) Be signed by each Member in the same name as such Member is billed by the Cooperative and shall state the signatory's address as the same appears on such billings.

(b) NOTICE TO MEMBERS. Notice of such charge(s) verbatim, of the director(s) against whom the charge(s) have been made, of the Member(s) filing the charge(s) and of the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the Members no less than ten (10) days prior to the Member meeting at which the matter will be acted upon: PROVIDED, however, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the Members filing one or more charges if twenty (20) or more Members file the same charge(s) against the same director(s).

(c) NOTICE TO DIRECTOR. Such director(s) against whom such charges are being made shall be informed in writing of the charges after the petition has been validly filed with the Secretary of the Cooperative and at least twenty (20) days prior to the meeting of the Members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination thereof, and to present evidence on respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first.

(d) VOTE TO REMOVE DIRECTOR(S). The question of the removal of such director(s) shall, separately for each director, if more than one director has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the Members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nomination shall be made from the floor: PROVIDED, however, that the question of the removal of a director shall not be voted upon at all unless some evidence in support of the charge(s) against the director being charged shall have been presented during the meeting through oral statements, documents or otherwise.

(e) REPLACEMENT DIRECTOR(S). A director(s) elected to replace a removed director(s) shall be from or with respect to the same Directorate District as was the removed director(s) and shall serve the unexpired portion of the removed director's term.

SECTION 4.09. VACANCIES. Except as provided in Article IV, Section 4.08, (REMOVAL OF DIRECTORS BY MEMBERS), a vacancy occurring on the Board as the result of death, retirement, or resignation of a director; or geographic relocation or realignment of a district, shall be filled by the affirmative vote of a majority of the remaining Directors on the Board. The new director must comply with Article IV, Section 4.02, (DIRECTOR QUALIFICATIONS). Any director selected by the Board to fill any vacant director position shall serve the unexpired term of the vacated, newly relocated or realigned District Director position.

SECTION 4.10. COMPENSATION; EXPENSES.

(a) FIXED FEE. Directors shall, as determined by resolution of the Board of Directors, receive, on a per diem basis, a fixed fee, which may include insurance benefits, for the following: (i) attending meetings of the Board of Directors and, when such has had prior approval of the Board of Directors and (ii) with prior approval of the Board of Directors, the performance of other Cooperative business. The fee fixed for attending Board meetings need not be the same as the fee or fees fixed for performing other Cooperative Business.

(b) ADVANCEMENT OR REIMBURSEMENT. Directors shall also receive advancement or reimbursement of any travel and out of pocket expenses actually, necessarily and reasonably incurred in attending such meetings and performing such business.

(c) DIRECTOR COMPENSATION ONLY. No director shall receive compensation for serving the Cooperative, in any other capacity, nor shall any close relative of a director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the Board of Directors or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure: PROVIDED, however, that a director who is also an officer of

the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

SECTION 4.11. RULES, REGULATIONS, TARIFFS, RATE SCHEDULES AND CONTRACTS. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, tariffs, rate schedules, contracts, security deposits and any other types of deposits, payments or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as the Board of Directors may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. ACCOUNTING SYSTEM REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the Members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.13. "CLOSE RELATIVE" DEFINED. As used in these Bylaws, "close relative" means a person who, by blood or marriage, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother or sister of the principal.

ARTICLE V MEETINGS OF DIRECTORS

SECTION 5.01. REGULAR MEETINGS.

(a) A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the annual meeting of the Members, or as soon thereafter as conveniently may be, at such site as designated by the Board of Directors in advance of the annual Member meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time and place in one of the counties in Texas within which the Cooperative serves as the Board of Directors shall provide by resolution or by means of communication, including telephone and video conferencing, by which all directors participating in the meeting may reasonably and verifiably identify themselves, and approximately simultaneously and approximately instantaneously communicate with each other during the Board meeting. Such regular monthly meeting may be held without notice other than such resolution fixing the date, time and place thereof, except when business to be transacted thereat shall require special notice: PROVIDED, however, that any director absent from any meeting of the Board of Directors at which such a resolution initially determines or makes any change in the date, time or place of a regular meeting shall be entitled to receive written notice of such determination or change at least five (5) days prior to the next meeting of the Board of Directors: AND PROVIDED FURTHER, that if a policy therefore is established by the Board of Directors, the President may change the date, time or place of a regular monthly meeting for good cause and upon not less than five (5) days' notice thereof to all directors.

(b) Members may request to meet with the Board of Directors if a matter is not resolved to the Member's satisfaction after meeting with the Cooperative management in accordance with Board Policy 5-11. The request may be made by completing the "Request to Attend BEC Board Meeting" form attached to Board Policy 5- 11 and presenting it to the General Manager / CEO at least forty five (45) days prior to the next regular Board Meeting. Should a request come from a group of Members, the group size attending the requested meeting shall be limited to no more than five (5) Members from the group in order to adequately accommodate such Board Meeting. Any such requested meeting will take place at such time prior to such regular Board Meeting on the date of such Board Meeting and such requesting Member(s) will be informed of the time, date and place of such requested meeting at least three (3) days prior to such requested meeting. To the extent applicable, as determined by the presiding officer of the Board of Directors at such requested meeting, in such officer's sole discretion, the Member(s) attending the requested meeting will comply with the Code of Conduct set forth in Section 3.07 of these Bylaws. The Board of Directors will

not take action or make a decision on any items or issues addressed by the Member or Members prior to the time the Board of Directors convenes in its regular session after such requested meeting to further consider the matter. After the requested meeting with a Member or Members, the Board President shall excuse the Member or Members before the call-to-order of the regular Board Meeting. If any action is taken on matters addressed by a Member or Members during the regular Board Meeting, the General Manager / CEO or Board President will advise the Member or Members of the decision or action of the Board of Directors. The General Manager / CEO shall use reasonable efforts to address the reasonable needs and concerns of any Member relating to the operations of the Cooperative. If a written request is received from a Member to attend a Board Meeting, management shall use reasonable efforts to confer with the requesting Member in an attempt to arrive at a resolution to the Member's concern relating to the Cooperative that is consistent with Cooperative policies. The General Manager / CEO shall report to the Board of Directors any written requests from Members that are received, even though the issue is resolved and no attendance is requested. The General Manager / CEO and President of the Board of Directors shall jointly ensure that these procedures are implemented.

SECTION 5.02. SPECIAL MEETINGS. Special meeting of the Board of Directors may be called by the President, Board resolution, 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 in Section 5.03. The Board of Directors, the President, or the directors calling the meeting shall fix the date, time and place for the meeting, which shall be held in one of the counties in Texas within which the Cooperative serves, unless all directors consent to its being held in some other place in Texas or elsewhere. Special meetings, upon proper notice as otherwise provided in Section 5.03, may also be held via telephone conference call, without regard to the actual location of the directors at the time of such a telephone conference meeting, if all the directors consent thereto.

SECTION 5.03. NOTICE OF DIRECTORS MEETINGS.

(a) Written notice of the date, time, place (or telephone conference call) and purpose or purposes of special meeting of the Board and, when the business to be transacted thereat shall require such, of any regular meeting of the Board of Directors shall be delivered:

(i) To each director not less than five (5) days prior thereto;

(ii) Either personally or by mail; and

(iii) By or at the direction of the Secretary or, upon a default in this duty by the Secretary, by the one or ones calling such meeting, in the case of a special meeting or by any director in the case of a meeting whose date, time and place have been already fixed by Board resolution.

(b) 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 first class postage thereon prepaid, and postmarked at least five (5) days prior to the meeting date.

(c) The attendance of a director at any meeting of the Board of Directors shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or of one or more items of business, on the ground that the meeting shall not have been lawfully called or convened.

SECTION 5.04. QUORUM AND ACTION. The presence in person of a majority of the directors in office shall be required for the transaction of business and the affirmative votes of a majority of the directors present shall be required for any action to be taken: PROVIDED, however, that a director who by law or these Bylaws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present; AND PROVIDED FURTHER, that if less than a quorum be present at a meeting, a majority of the directors present may adjourn the meeting from time to time, but shall cause the absent directors to be duly and timely notified of the date, time and place of such adjourned meeting. A regular or special meeting of the Board of Directors may be conducted through a means of communication, including telephone and video conferencing, by which all directors participating in the meeting may reasonably and

verifiably identify themselves, and approximately simultaneously and approximately instantaneously communicate with each other during the Board meeting. A director participating by such means of communication shall for all purposes be deemed present at the meeting.

ARTICLE VI
OFFICERS: MISCELLANEOUS

SECTION 6.01. NUMBER AND TITLE. The officers of the Cooperative shall be a President, Vice President, Secretary, and Treasurer, and such other officers as may from time to time be determined by the Board of Directors. The offices of Secretary and Treasurer may be held by the same person.

SECTION 6.02. ELECTION AND TERM OF OFFICE. The four officers named in Section 6.01 shall be elected by secret written ballot without prior nomination, if requested, otherwise by nomination and oral vote, annually by and from the Board of Directors at the first meeting of the Board held after the annual meeting of the Members. If the election of such officers shall not be held at such meeting, it shall be held as soon thereafter as the Board of Directors deem convenient. Each such officer shall hold office until the meeting of the Board of Directors first held after the next succeeding annual meeting of the Members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of the Bylaws with respect to the removal of directors and to the removal of officers by the Board of Directors. Any other officers may be elected by the Board from among such persons, and with such title, tenure, responsibilities and authorities, as the Board of Directors may from time to time deem advisable.

SECTION 6.03. REMOVAL OF OFFICERS, AGENTS OR EMPLOYEES. Any officer, agent or employee elected or appointed by the Board of Directors may be removed by the Board whenever in the Board's judgment the best interests of the Cooperative will thereby be served.

SECTION 6.04. VACANCIES. A vacancy in any office elected or appointed by the Board of Directors shall be filled by the Board for the unexpired portion of the term.

SECTION 6.05. PRESIDENT. The President shall-

- (a) Be the principal executive officer of the Cooperative and shall preside at all meetings of the Board of Directors, and, unless determined otherwise by the Board of Directors, attend all meetings of the Members;
- (b) Sign, with the Secretary, certificates of membership the issue of which shall have been authorized by resolution of the Board of Directors, and may 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 Bylaws to some other officer, agent or employee 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 6.06. VICE PRESIDENT. In the absence of the President, or in the event of the President's inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President; and shall perform such other duties as from time to time may be assigned to the Vice President by the Board of Directors.

SECTIONS 6.07. SECRETARY. The Secretary shall-

- (a) Keep, or cause to be kept, the minutes of meetings of the Members and of the Board of Directors in one (1) or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these Bylaws or as required by law;

- (c) Be custodian of the corporate records and of the seal of the Cooperative and 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 or is required by law;
- (d) Keep, or cause to be kept, a register of the name and post office address of each Member, which address shall be furnished to the Cooperative 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 Cooperative's Articles of Incorporation and Bylaws, together with all amendments thereto, which copies shall always be open to the inspection of any Member, and, at the expense of the Cooperative, furnish a copy of such documents and of all amendments thereto upon request to any Member; and
- (h) In general, perform all duties incident to the office of the Secretary and such other duties as from time to time may be assigned to the Secretary by the Board of Directors.

SECTION 6.08. 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, or cause to receive and give, receipts for monies due and payable to the Cooperative from any source whatsoever, and deposit or invest all such monies in the name of the Cooperative in such bank or banks or in such financial institutions or securities 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 the Treasurer by the Board of Directors.

SECTION 6.09. DELEGATION OF SECRETARY'S AND TREASURER'S RESPONSIBILITIES. Notwithstanding the duties, responsibilities and authorities of the Secretary and of the Treasurer hereinbefore provided in sections 6.07 and 6.08, the Board of Directors by resolution may, except as otherwise limited by law, delegate wholly or in part, the responsibility and authority for, and the regular or routine administration of, one or more of each such officer's such duties to one or more agents, other officers or employees of the Cooperative who are not directors. To the extent that the Board of Directors does so delegate with respect to any such officer, that officer as such shall be released from such duties, responsibilities and authorities.

SECTION 6.10 MANAGER; GENERAL MANAGER; GENERAL MANAGER / CHIEF EXECUTIVE OFFICER ("CEO"); EXECUTIVE VICE PRESIDENT AND GENERAL MANAGER. The Board of Directors may appoint a Manager, who may be, but shall not be required to be, a Member of the Cooperative, and who also may be designated Manager, General Manager, General Manager / Chief Executive Officer, or Executive Vice President and General Manager. Such officer shall perform such duties as the Board of Directors may from, time to time require and shall have such authority as the Board of Directors may from time to time vest in such Manager.

SECTION 6.11 BONDS. The Board of Directors shall require the Treasurer and any other officer, agent, or employee of the Cooperative charged with responsibility for the custody of any of Cooperative's 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 the Board of Directors shall determine. The costs of all such bonds shall be borne by the Cooperative.

SECTION 6.12 COMPENSATION; INDEMNIFICATION.

(a) Officer Compensation. Except as otherwise provided by the Board of Directors or in the Bylaws addressing Director compensation, reimbursement, salaries, or benefits, the Cooperative may reasonably compensate, reimburse, pay a salary to, or provide insurance or other benefits to, an Officer, including the Manager indemnification. Every director and officer, including the Manager, of the Cooperative shall be indemnified by the Cooperative against all judgment, penalties, fines, liabilities, amounts paid in settlement and reasonable expenses, including counsel fees actually incurred by or imposed upon such person in connection with any proceeding to which such person was, is or is threatened to be made a party, or in which such person 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 such person 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, however 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 interest 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.

(b) 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 such person and incurred by such person in such capacity, or arising out of such person's status as such, whether or not the Cooperative would have the power to indemnify such person against such liability under the provision of this Article.

(c) Enforcement. The provisions of this Section 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 the Article in accepting, serving or continuing to serve as a director or officer.

(d) Amendment or Modification. No amendment, modification or repeal of this Article or any provisions hereof 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 with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

SECTION 6.13 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 VII CONTRACTS, CHECKS AND DEPOSITS

SECTION 7.01. CONTRACTS. Except as otherwise provided by law or these Bylaws, the Board of Directors may authorize any Cooperative officer, agent, or employee to enter into 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 7.02. CHECKS; DRAFTS; ORDERS FOR PAYMENT. All checks, drafts or other orders for the payment of money, and all notes, bonds or other evidences of indebtedness, issued in the name of the Cooperative, shall be signed or countersigned by such officer, agent, or employee of the Cooperative and in such

manner as shall from time to time be determined by resolution of the Board of Directors.

SECTION 7.03 DEPOSITS; INVESTMENTS. All funds of the Cooperative shall be deposited or invested from time to time to the credit of the Cooperative in such bank or banks or in such financial securities or institutions as the Board of Directors may select.

ARTICLE VIII MEMBERSHIP CERTIFICATES

SECTION 8.01. CERTIFICATE OF MEMBERSHIP. Membership in the Cooperative shall be evidenced by a certificate of membership, which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors not contrary to, or inconsistent with, the Cooperative's Articles of Incorporation or its Bylaws. Such certificate shall be signed by the President and by the Secretary, and the seal shall be affixed thereto: PROVIDED, however, that the seal and the signatures of the President and the Secretary may be imprinted thereon by facsimile.

SECTION 8.02. ISSUE OF MEMBERSHIP CERTIFICATES. No membership certificate shall be issued for less than the Membership Fee fixed by the Board of Directors nor until such Membership Fee, any required Additional Fees have been fully paid.

SECTION 8.03. 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 IX NON-PROFIT OPERATION

SECTION 9.01. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative non-profit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 9.02. 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 the patrons' patronage, furnish capital for the Cooperative.

(a) ACCOUNTING. 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 Cooperative's patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating cost and expenses properly chargeable against the furnishing of electric energy.

(i) All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that such amounts are furnished by the patrons as capital.

(ii) 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; and

(iii) 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.

(b) NOTICE. 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 account: PROVIDED, however, that individual notices of such amounts furnished by each patron shall not be required if the Cooperative notifies all patrons of the aggregate amount of such excess and provides a clear explanation of how each patron may compute and determine for himself the specific amount of capital so credited to him.

(c) ACCOUNT STATUS. 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 the patron had then furnished the Cooperative corresponding amounts for capital.

(d) OFFSET. All other amounts received by the Cooperative in excess of costs and expenses, other than from the furnishing of electric energy, shall, insofar as permitted by law, be (i) used to offset any losses incurred during the current or any prior fiscal year and (ii) used to establish reserves and other capital not assignable to the patrons prior to the dissolution of the Cooperative, and (iii) to the extent not needed for these purposes, allocated to its patrons on a patronage basis. Any amount so allocated shall be included as part of the capital credit to the account of patrons, as herein provided.

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

SECTION 9.03. RETIREMENT OF CAPITAL CREDITS.

(a) IN THE EVENT OF TERMINATION OR LIQUIDATION. In the event of termination or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative shall have 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: PROVIDED, however, that insofar as gains may at that time be realized from the sale of any appreciated asset, such gains shall be distributed to all persons who were patrons during the period the asset was owned by the cooperative in proportion to the amount of business done by such patrons during that period, insofar as is practicable, as determined by the Board of Directors before any payments are made on account of property rights of Members.

(b) RETIREMENT PRIOR TO TERMINATION OR LIQUIDATION. If, at any time prior to termination or liquidation, the Board of Directors shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital then credited to patrons' accounts may be retired in full or in part.

(c) GENERAL RETIREMENT. Any general retirement of capital shall be with fifty percent (50%) of the capital credits being returned in order of priority according to the year which the capital was furnished and credited, the capital first received by the Cooperative being first retired (FIFO); and fifty percent (50%) going to patrons' accounts to which capital credits were allocated two (2) years prior to the current year (adjusted LIFO): PROVIDED, however, that the Board of Directors shall have the power to adopt rules providing for the separate retirement of that portion ("power supply or other service or supply portion") of capital credited to the accounts of patrons which corresponds to capital credited to the account of the Cooperative by an organization furnishing power supply or any other service or supply to the Cooperative.

(i) Such rules shall:

(A) Establish a method for determining the portion of such capital credited to each patron for each applicable fiscal year;

(B) provide for separate identification on the Cooperative's books of such portions of capital credited to the Cooperative's patrons;

- (C) provide for appropriate notification to patrons with respect to such portions of capital credited to their accounts;
- (D) preclude a general retirement of such portions of capital credited to patrons for any fiscal year prior to the general retirement of other capital credited to patrons for the same year or of any capital credited to patrons for any prior fiscal year.

(d) **SPECIAL RETIREMENT.** Notwithstanding any other provisions of these Bylaws, the Board of Directors may, in its sole discretion, have the power at any time to make special retirement (including retirements upon the death of any patron who is a natural person (or, if, as provided for in the preceding paragraph, upon the death of an assignee of such capital credits of a patron, which assignee was a natural person), of capital credits prior to the time such capital credits would otherwise be retired under the provisions of the Bylaws, to retire such capital immediately upon such terms and conditions (including discounting such payment for early retirement and the right to deduct therefrom any amount owing by such patron to the Cooperative at the time of such retirement, together with interest thereon at the Texas legal rate of judgments in effect when such amount became overdue, compounded annually) as the Board of Directors, as authorized pursuant to the Bylaws or acting under policies of general application to situations of like kind; PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

(i) **Discounted Rate for Special Retirements.** Special Retirements will be discounted at either the higher of (A) the weighted average cost of capital on the Cooperative's books on the date the discount is calculated; or (B) the highest rate of interest available on Cooperative's investments existing on the date the discount is calculated (e.g., CFC's Member Capital Securities).

(ii) **Calculation of Special Retirements.** Any special retirement of capital credits shall be with the capital credits being returned in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first specially retired ("FIFO"), properly discounted in accordance with Section 9.03(d)(i).

(iii) **Death of Patron Special Retirements.** The Board of Directors shall, in its sole discretion, have the power at any time upon the death of any patron who was a natural person (or, as provided for in the Bylaws of the Cooperative), to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind: PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

(iv) **Inactive Patron Special Retirements.** The Board of Directors shall, in its sole discretion, have the power at any time, to specially retire capital credits of patrons whose membership with the Cooperative is inactive upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind: PROVIDED, however, that the financial condition of the Cooperative will not be impaired thereby.

(e) **ENFORCEMENT.** 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 patron 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 IX of the Bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's offices.

SECTION 9.04. PATRONAGE IN CONNECTION WITH FURNISHING GOODS OR OTHER SERVICES. In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law, be prorated annually on a patronage basis and returned to those patrons from whom such amounts were obtained at such time and in such order of priority as the Board of Directors shall determine. Patronage capital allocated and retired pursuant

to this Section 9.04 shall be made consistent with the following:

- a) The Board of Directors shall determine which goods or other services and to whom such goods or other services are provided on a patronage basis. Accordingly, the term “patron” may refer to members only or to all patrons, members and nonmembers alike. All such determinations required from time to time under this Section 9.04 and made by the Board of Directors, shall be through applicable policies or resolutions or evidenced by contracts;
- b) The Board of Directors shall have the authority under accepted accounting practices, loan covenants and tax law to prescribe the manner in which losses derived from such goods or other services may be handled;
- c) The retirement of patronage capital allocated to such patrons shall be considered and made by the Board of Directors from time to time subject to the same limitations and guidance of Section 9.03 of this Article IX; and
- d) To the extent goods or other services are provided on a non-patronage basis, the purchasers of which are not entitled to receive patronage capital, the respective net margin derived from such non-patronage sales shall be used to (i) offset losses incurred in the current or prior years, and (ii) create unallocated reserves and retained capital not current assignable to the patrons.

SECTION 9.05. MEMBERS’ CURRENT ADDRESSES;
CONTRIBUTIONS TO CAPITAL. All persons to whom capital credits have been allocated shall keep the Cooperative informed of such persons’ current mailing addresses in order that the Cooperative may retire or refund capital credits, membership fees, deposits and any other amounts to such persons in accordance with the Bylaws. If a check representing any retirement or refund of any such capital credits, membership fees, deposits and other such amounts shall be mailed to any such person’s last known address shown in the records of the Cooperative and shall be returned unclaimed to the Cooperative, or any such check remains uncashed and no claim therefore shall be made by such person for the period of time as provided by law after the issuance thereof, that persons shall thereafter have no right, title and interest to any such capital credits, memberships fees, deposits or other amounts credited to such person on the books of the Cooperative and such amounts shall thereafter be delivered as permitted by and in accordance with the laws of the State of Texas regarding unclaimed property.

ARTICLE X
WAIVER OF NOTICE

Any Member or director may waive, in writing, any notice of meetings required to be given by these Bylaws, or any notice that may otherwise be legally required, either before or after such notice is required to be given.

ARTICLE XI
DISPOSITION AND PLEDGING OF
PROPERTY:

DISTRIBUTION OF SURPLUS ASSETS ON TERMINATION

SECTION 11.01. DISPOSITION AND PLEDGING OF PROPERTY.

(a) Not inconsistently with subsection (b) hereof, the Members of the Cooperative may, at a duly held meeting of the Members, authorize the sale, lease, lease-sale, exchange, transfer or other disposition of all or a substantial portion of the Cooperative’s property and assets by the affirmative vote of not less than two-thirds (2/3) of all Members of the Cooperative. However, the Board of Directors, without authorization by the Members, shall have full power and authority to do the following:

- (1) Borrow monies for any source and in such amounts as the Board of Directors may from time to time determine;
- (2) Mortgage or otherwise pledge or encumber any or all of the Cooperative's property or assets as security therefore; and
- (3) Sell, lease, lease-sell, exchange, transfer or otherwise dispose of merchandise, property no longer necessary or useful for the operation of the Cooperative, or less than a substantial portion of the Cooperative's property and assets. "Substantial portion" means ten percent (10%) or more of the Cooperative's total assets as reflected on its books at the time of the transaction.

(b) Supplementary to the first sentence of the foregoing subsection (a) and any other applicable provisions of law or by these Bylaws, no sale, lease, lease-sale, exchange, transfer or other disposition of all or a substantial portion of the Cooperative's property and assets shall be authorized except in conformity with the following:

- (1) If the Board of Directors looks with favor upon proposal for such sale, lease, lease-sale, exchange, transfer or other disposition, it shall first cause three (3) independent, non-affiliated appraisers, expert in such matters, to render their individual opinions as to the value of the Cooperative with respect to such a sale, lease, lease-sale, exchange, transfer or other disposition and as to any other terms and conditions which should be considered.
- (2) If the Board of Directors, after receiving such appraisals (and other terms and conditions which are submitted, if any), determines that the proposal should be submitted for consideration by the Members, it shall first give every other rural electric cooperative corporations corporately sited and operating in Texas (which has not made such an offer for such sale, lease, lease-sale, exchange, transfer or other disposition) an opportunity to submit competing proposals.
 - (A) Such opportunity shall be in the form of a written notice to such rural electric cooperative corporations, which notice shall be attached to a copy of the proposal which the Cooperative has already received and copies of the respective reports of the three (3) appraisers.
 - (B) Such electric 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.
- (3) If the Board of Directors then determines that favorable consideration should be given to the initial or any subsequent proposal which has been submitted to it, it shall so notify the Members not less than sixty (60) days before noticing a special meeting of the Members thereon or, if such be the case, the next annual Member meeting, expressing in detail each of any such proposals, and shall call a special meeting of the Members for consideration thereof and action thereon, which meeting shall be held not less than thirty (30) days after the giving of notice thereof to the Members: PROVIDED, however, that consideration and action by the Members may be given at the next annual Member meeting if the Board of Directors so determines and if such annual meeting is held not less than thirty (30) days after the giving of notice of such meeting.
- (4) Any fifty (50) or more Members, by so petitioning the Board of Directors, 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.

The provisions of this subsection (b) shall not apply to a sale, lease, lease- sale, exchange, transfer or other disposition to one or more other rural electric cooperatives if the substantive effect thereof is to merge with such other one or more rural electric cooperative corporations or the actual legal effect thereof is to consolidate with such other one or more rural electric cooperative corporations.

SECTION 11.02. DISTRIBUTION OF SURPLUS ASSETS ON TERMINATION. Upon the Cooperative's termination, any assets remaining after all liabilities or obligations of the Cooperative have been satisfied and discharged shall, to the extent practicable as determined by the Board of Directors, not inconsistently with the provisions of the third paragraph of Section 9.02 of these Bylaws, be distributed without priority, but on a patronage basis, among all persons who are Members of the Cooperative at the time of the filing of the certificate of termination: PROVIDED, HOWEVER, that, if in the judgment of the Board of Directors the amount of such surplus is too small to justify the expense of making such distribution, the Board of Directors may, in lieu thereof, donate, or provide for the donation of, such surplus to one or more nonprofit charitable or educational organizations that are exempt from Federal income taxation.

ARTICLE XII
FISCAL
YEAR

The Cooperative's fiscal year shall begin on the first day of the month of January of each year and end on the last day of the month of December following.

ARTICLE XIII
RULES OF ORDER

Parliamentary procedure at all meetings of the Members, of the Board of Directors, of any committee provided for in these Bylaws and of any other committee of the Members or Board of Directors which may from time to time be duly established shall be governed by the most recent edition of Robert's Rules of Order, except to the extent such procedure is otherwise determined by law or by the Cooperative's Articles of Incorporation or Bylaws.

ARTICLE XIV
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 XV
AMENDMENTS

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

STATEMENT OF NONDISCRIMINATION

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA) civil rights regulations and policies, the USDA, its Agencies, offices, and employees, and institutions participating in or administering USDA programs are prohibited from discriminating based on race, color, national origin, religion, sex, gender identity (including gender expression), sexual orientation, disability, age, marital status, family/parental status, income derived from a public assistance program, political beliefs, or reprisal or retaliation for prior civil rights activity, in any program or activity conducted or funded by USDA (not all bases apply to all programs). Remedies and complaint filing deadlines vary by program or incident.

Persons with disabilities who require alternative means of communication for program information (e.g., Braille, large print, audiotope, American Sign Language, etc.) should contact the responsible Agency or USDA's TARGET Center at (202)720-2600 (voice and TTY) or contact USDA through the Federal Relay Service at (800)877-8339. Additionally, program information may be made available in languages other than English.

To file a program discrimination complaint, complete the USDA Program Discrimination Complaint Form, AD-3027, found online at http://www.ascr.usda.gov/compliant_filing_cust.html and at any USDA office or write a letter addressed to USDA and provide in the letter all of the information requested in the form. To request a copy of the complaint form, call (866)632-9992. Submit your completed form or letter to USDA by:

- (1) Mail: U.S. Department of Agriculture
Office of the Assistant Secretary for Civil Rights
1400 Independence Avenue, SW
- (2) Fax: Washington, D.C. 20250-9410;
(202) 690-7442; or
- (3) Email: program.intake@usda.gov

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