



Bylaws

Coleman County
Electric Cooperative, Inc.

Revised: May 23, 2023

**Coleman County Electric Cooperative, Inc.
Bylaws**

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ARTICLE I Members

SECTION 1. QUALIFICATIONS AND OBLIGATIONS. Any person, firm, corporation, or body politic may become a member in the Cooperative: (a) paying the membership fee hereinafter specified; (b) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and (c) agreeing to comply with and be bound by the articles of incorporation of the Cooperative and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the Board of Directors, provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the Board of Directors or the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members, and subject to compliance by the applicant with the conditions set forth in subdivision (a), (b) and (c) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days prior notice of the members' meeting to which his application will be submitted, and such applicant may be present and heard at the meeting. No person, firm, corporation, or body politic may own more than one (1) membership in the Cooperative.

A husband and wife may jointly become a member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this section provided the husband and wife comply jointly with the provisions of the above subdivision (a), (b) and (c).

SECTION 2. MEMBERSHIP FEE. The membership fee shall be ten \$10.00, the payment of which shall make the member eligible for service connections.

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

SECTION 4. NON-LIABILITY FOR DEBTS OF THE COOPERATIVE. The private property of the members of the Cooperative shall be exempt from execution for the debts of the Cooperative and no member shall be individually liable or responsible for any debts or liabilities of the Cooperative.

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

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

SECTION 7. TRANSFER AND TERMINATION OF MEMBERSHIP. (a) Membership in the Cooperative shall not be transferable, except as hereinafter otherwise provided, and upon the death, cessation of existence, expulsion or withdrawal of a member the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release the member from the debts or liabilities of such member to the Cooperative. (b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be jointly upon the written request of such member and compliance by such husband and wife jointly with provisions of subdivisions (b) and (c) of section I of this article. Such transfer shall be made and recorded on the books of the cooperative. (d) When a membership is held jointly by a husband and wife, upon the death of either such membership shall be deemed to be held solely by the survivor with the same effect as though such membership had been originally issued solely to him or her, as the case may be, however, that the estate of the deceased shall not be released from any membership debts or liabilities to the cooperative.

SECTION 8. REMOVAL OF DIRECTORS AND OFFICERS. Any member may bring charges against an officer or director by filing them in writing with the Secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the officer or director in question. The removal shall be voted upon at the next regular or special meeting of the members and any vacancy created by such removal may be filled by the members at such meeting. The director or officer against whom such charges have been brought shall be informed in writing of the charges previous to the meeting and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence; and the person or persons bringing the charges against him shall have the same opportunity.

SECTION 9. MEMBERS TO GRANT EASEMENTS TO COOPERATIVE. As a condition of membership in the Cooperative, each member shall, upon being requested to do so by the Cooperative, execute and deliver without charge to the Cooperative, grants of easement or right-of-way, on and under such lands owned or leased by or mortgaged to the member as the Cooperative shall require for the furnishing of electric service to him or other members or for the construction, operation, maintenance or relocation of the Cooperative's electric facilities.

ARTICLE II

Meeting of Members

SECTION 1. ANNUAL MEETING. The annual meeting of members shall be held at such time, during the month of July as the Board of Directors may direct and such meeting shall be held at such place in the Cooperative service area, as shall be designated in the notice of the meeting for the purpose of electing directors, passing upon reports covering the previous year and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by the President, by the Board of Directors, or by a majority thereof or upon a written request signed by at least ten per centum (10%) of all members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members

may be held at any place within the County of Coleman in the State of Texas specified in the notice of the special meeting, or elsewhere within the area served by the cooperative as may be designated by the Board of Directors.

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

SECTION 4. QUORUM. As long as the total number of members does not exceed one thousand (1,000) at least fifteen per centum (15%) of the total number present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case the total number of members shall exceed one thousand (1,000) then at least one hundred fifty (150) of the members present shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5. VOTING. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by mail, except as otherwise provided by law, the articles of incorporation of the cooperative, or these bylaws. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

SECTION 6. VOTING BY MAIL. In addition to the method of voting for directors of the Cooperative as provided by the existing bylaws and by a member being present and voting in person or each member shall be and is hereby permitted to vote by mail for directors of this association. At the time notices of member's meetings are given as provided by Article II of these bylaws, and with a notice of member's annual meeting, or any postponement thereof, there shall be sent to each member either personally or by mail a ballot which shall contain the names of all members who have been nominated as candidates for directors with a statement of the number to be elected and with appropriate instructions to the member to vote for such members; EACH MEMBER SHALL BE INSTRUCTED AFTER VOTING FOR THE DIRECTOR CANDIDATES TO PUT THEIR BALLOT IN THE ENCLOSED BUSINESS REPLY POSTAGE-PAID ENVELOPE. SIGN THEIR NAME IN THE PLACE INDICATED ON THE FACE OF THE RETURN ENVELOPE. THE MEMBER'S SIGNATURE IS ESSENTIAL. IT IS PART OF THE VALIDATION PROCESS OF THE BALLOT. IF THE ENVELOPE IS NOT SIGNED ON THE OUTSIDE, IT WILL NOT BE COUNTED. MAIL TO THE COOPERATIVE OFFICE PRIOR TO THE DATE OF SAID MEETING. Said ballots when so received shall be retained and placed in a locked ballot box until the date of the members' meeting at which time shall be delivered to the inspectors of Election and counted together with the votes cast in person at such members' meeting. The Directors who receive a plurality of the vote shall be elected. Drawing by lot shall resolve, when necessary, any tie votes.

SECTION 7. ORDER OF BUSINESS. The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

1. Report the existence of a quorum.

2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon.
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees.
5. Election of directors.
6. Unfinished business.
7. New business.
8. Adjournments.

ARTICLE III Directors

SECTION I. GENERAL POWERS. The business and affairs of the cooperative shall be managed by a board of not more than nine (9) or less than seven (7) directors which shall exercise all of the powers of the cooperative except such as are by law or by the articles of incorporation of the cooperative or by these bylaws conferred upon or reserved to the members.

SECTION 2. QUALIFICATIONS AND TENURE. The directors elected shall serve for a period of three (3) years from the date of their election, or until their successors shall have been elected and shall have qualified, subject to the provision of these bylaws with respect to the removal of directors. A director must be mentally competent and physically able to perform the functions of his or her office. No member shall be eligible to become or remain a director for the cooperative unless their primary residence is served by the cooperative, or while a Director or at any time prior to becoming a Director, either was or becomes convicted of a felony crime, or pleads or has pled guilty to a felony crime, or who is an owner or principal of an entity which advances the pecuniary interest of the business by providing electric energy, or a good or service or product related to providing electric energy, in competition with the Cooperative, and no person shall take or hold office as a director who is the incumbent or candidate for an elective public office in connection with which a salary is paid. No employee and/or spouse of an employee shall be eligible to become a Director of the Cooperative who has been employed by any other electric cooperative, municipally owned utility or investor-owned utility; or has been employed by Coleman County Electric Cooperative, Inc within five (5) years immediately following the last day of employment. Except as otherwise provided by the Board of Directors for good cause, a Director must attend at least three-fourths (3/4ths) of all regular and special meetings of the Board of Directors during each twelve (12) month period between annual meetings in order to remain qualified to be a Director. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a director, provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

SECTION 2-A. RESIDENCE OF DIRECTORS. Not more than one director may be elected from the same Detail Area of the territory served by Coleman County Electric Cooperative, Incorporated, as such territory and Detail Area are defined and shown on the current map of the cooperative as established by the Board of Directors: such detail areas being drawn off by red pencil. If, after his or her election a director of the cooperative shall, for the purpose of residing therein, move into a Detail Area wherein one other director of said Cooperative is then residing, the office of the director so moving into such Detail Area shall automatically become vacant without further action on the part of

the cooperative or its Board of Directors; and such Board of Directors shall at its first regular, or special meeting thereafter name and appoint a qualified member of the Cooperative as director to fill the unexpired term of the director so disqualifying himself or herself.

SECTION 3. NOMINATIONS. It shall be the duty of the Board of Directors to appoint, not less than thirty (30) days nor more than one hundred and twenty (120) days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. At least five (5) members of the committee must be in attendance for the committee to take action. No officer or member of the Board of Directors shall be appointed a member of such committee.

The Committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days before the meeting a list of nominations for Director, which may include a greater number of candidates than are to be elected. Such nominees at the time of nomination must be members in good standing and must possess the qualifications for Directors specified in Section 2 of Article III of these Bylaws.

The Secretary shall mail with the notice of the meeting a statement of the number of directors to be elected and show separately the nominations made by the committee on nominations. If only one individual is nominated to run for election for a Director position, the Cooperative may forego the balloting process, and the Secretary shall include in such notice to the Membership that no vote is required, that balloting will not occur, and that the nominated individual will be elected by acclamation. The members may, at any meeting at which a director or directors shall be removed, as hereinbefore provided, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations.

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

SECTION 4. REMOVAL AND DISCIPLINE.

- a. Removal by Board. A director may be removed for cause, by a vote of two-thirds (2/3) of the remaining directors, who are not subject to current challenge, at a regular or special board meeting called for such purpose. The affected director shall be informed thereof in writing at least thirty (30) days in advance of the meeting at which such a vote is scheduled to take place and shall have an opportunity to be heard in person at such meeting.
- b. Cause shall include: (1) a conviction or judicial determination involving a felony crime or a crime of moral turpitude; (2) becoming ineligible to serve due to failing to meet the qualifications of Section 2 of this Article; (3) failure, without excuse, to attend a majority of board meetings in a one (1) year time period, and/or failure of health, or other violation of a director's fiduciary duty to such a degree as two-thirds (2/3) vote of remaining Board members finds to warrant such disciplinary action; or (4) the bringing of such disrepute or disparagement to the Cooperative by unacceptable personal conduct to warrant such discipline as determined by two-thirds (2/3) of the remaining Board members.
- c. Director Discipline. The Board shall create a committee to investigate any formal complaint of a director's conduct. The committee shall be composed of the current Board President, or next highest officer if the current highest officer is subject of the complaint, and two (2) other directors selected by the Board. Following investigation, the committee shall make

its report to the full Board with recommendations, if any, of discipline of the affected director. The committee and the Board may meet in executive session to consider the complaint or report. The affected director shall not participate in the committee or Board's deliberation except as requested. The affected Director shall be provided a copy of the report and given opportunity to respond prior to the vote on any recommended action. Discipline action may range to include: (1) a verbal warning; (2) a written reprimand; (3) censure; (4) a reduction in director benefits or compensation; or (5) removal pursuant to subsection (a) of this section.

ARTICLE III (a) **Indemnification of Officers and Directors**

SECTION 1. INDEMNIFICATION FOR EXPENSES AND LIABILITY. Every director and officer of the Cooperative shall be indemnified by the Cooperative against all judgments, penalties, fines, liabilities, amounts paid in settlement and reasonable expenses, including counsel fees actually incurred by or imposed upon him or her in connection with any proceeding to which he or she was, is or is threatened to made a party, or in which he or she may become involved, by reason, in whole or in part, of being or having been a director or officer of the Cooperative, whether or not he or she is a director or officer, at the time such expenses are incurred, to the maximum extent consistent with the provisions of Article 2.22A of the Texas Nonprofit Corporation Act; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being for the best interests of the Cooperative. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights to which such director or officer may be entitled.

SECTION 2. POWER TO PURCHASE INSURANCE. The Cooperative shall have the power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Cooperative, or is or was serving at the request of the Cooperative as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Cooperative would have the power to indemnify him against such liability under the provision of this Article.

SECTION 3. CONTINUING OFFER, RELIANCE. The provisions of this Article are for the benefit of, and may be enforced by, each director and officer of the Cooperative as a contract for valuable consideration and constitute a continuing offer to all present and future directors and officers of the Cooperative. The Cooperative by the adoption of this Article agrees that each present and future director and officer of the Cooperative has relied upon and will continue to rely upon the provisions of this Article in accepting, serving or continuing to serve as a director or officer.

SECTION 4. EFFECT OF AMENDMENT. No amendment, modification or repeal of this Article or any provision 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 5. VACANCIES. Subject to the provisions of these bylaws with respect to the removal of directors, vacancies occurring in the Board of Directors shall be filled by an affirmative vote of a majority of the remaining directors, and the director or directors thus elected shall serve for the

remaining portion of the unexpired term or terms or until their successors shall have been duly elected.

SECTION 6. COMPENSATION. Directors shall not receive any salary for their services as such, except that the Board of Directors may by resolution authorize Director's insurance coverage and a fixed sum for each day, or a portion thereof, spent on Cooperative business such as attendance at Director's meetings, authorized conferences, training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Directors may also be reimbursed for expenses actually and necessarily incurred in attending to such Cooperative business. 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 compensation shall be specifically authorized by a vote of the members or the service by the board member or his close relative shall have been certified by the Board as an emergency measure.

SECTION 7. "CLOSE RELATIVE" DEFINED. As used in these Bylaws, "close relative" means a person who, by blood or in-laws, including half, foster, step and adoptive kin, and is a spouse, child, grandchild, parent, grandparent, brother, or sister of the principal.

SECTION 8. RULES AND REGULATIONS. The Board of Directors shall have the power to make and adopt such rules and regulations, not inconsistent with law, the articles of incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 9. ACCOUNTING SYSTEM AND REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to electric utility generally accepted accounting principles. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to the members at the following annual meeting.

ARTICLE IV Meetings of Directors

SECTION 1. REGULAR MEETINGS. A regular meeting of the Board of Directors shall be held monthly at such time and place as the Board of Directors may provide by resolution. Such regular monthly meetings may be held without notice other than such resolution fixing the time and place thereof.

SECTION 2. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the President or any three (3) directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place (which shall be in Coleman, Coleman County, Texas), for the holding of any special meeting of the Board of Directors called by them.

SECTION 3. NOTICE. Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by email, written notice, delivered personally or mailed, to each director at his last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except in case a director shall attend a meeting for the express purpose of objecting to the transaction of any business because the meeting shall not have been lawfully called or conveyed.

SECTION 4. QUORUM. A majority of the Board of Directors shall constitute a quorum for the transaction of business at any meeting of the Board of Directors, provided, that if less than a majority of the directors is present at said meeting, a majority of the director's present may adjourn the meeting from time to time without further notice.

SECTION 5. MANNER OF ACTING. The act of the majority of the director's present at a meeting at which a quorum is present shall be the act of the Board of Directors.

SECTION 6. TELEPHONIC OR ELECTRONIC PARTICIPATION IN BOARD MEETINGS. For good cause and with approval of the Board of Directors, a Regular Board Meeting or Special Board Meeting may be conducted with one or more directors participating but not physically present but deemed present in person through a means of communication by which all Directors participating in the board meeting may simultaneously and instantaneously communicate with each other during the board meeting. Directors who are not physically present may deliberate and vote on matters presented during the meeting. A Director will be considered present at a board meeting for purposes of Director attendance requirements at no more than one meeting a year unless otherwise approved by the Board of Directors. A Director may be compensated for a board meeting at which that director participated but was not physically present only with approval of the Board of Directors.

ARTICLE V Officers

SECTION 1. NUMBER. The officers of the Cooperative shall be a President, Vice-President, Secretary, Treasurer, and such other officers as may be determined by the Board of Directors from time to time. The offices of Secretary and of Treasurer may be held by the same person.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers shall be elected, by ballot, annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meetings, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successors shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

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

SECTION 4. VACANCIES. Except as otherwise provided in these bylaws, a vacancy in any office may be filled by the Board of Directors for the unexpired portion of the term.

SECTION 5. PRESIDENT. The President: (a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors; (b) shall 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 or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and (c) in general shall perform all duties incident to the office of President and such other duties as may be prescribed by the Board of Directors from time to time.

SECTION 6. VICE-PRESIDENT. In the absence of the President, or in the event of his 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 subjected to all the restrictions upon the President and shall perform such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 7. SECRETARY. The Secretary shall: (a) keep the minutes of the members of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with these bylaws or as required by law; (c) be custodian of the corporate records and of the seal of the Cooperative and to all documents, the execution of which on behalf of the cooperative under its seal is duly authorized in accordance with the provisions of these bylaws or required by the law. (d) keep a register of the post office address of each member which shall be furnished to the Secretary of such member; (e) have general charge of the books of the Cooperative in which a record of the members is kept; (f) keep on file at all times a complete copy of the bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative forward a copy of the bylaws and of all amendments thereto to each member; and (g) in general perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 8. TREASURER. The Treasurer shall: (a) have charge and custody of and be responsible for all funds and securities of the Cooperative; (b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever, and deposit all such moneys in the name of the Cooperative in such bank or banks as shall be selected in accordance with the provisions of these bylaws; and (c) in general perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

SECTION 9. MANAGER. The Board of Directors may appoint a manager who may be, but who shall not be required to be, a member of the Cooperative. The manager shall perform such duties as the Board of Directors may from time to time require of him and shall have such authority as the Board of Directors may from time to time vest in him.

SECTION 10. BONDS OF OFFICERS. The Board of Directors shall require the Treasurer or any other officer of the Cooperative charged with responsibility for the custody of any of its funds or property, to give bond in such sum and with such surety as the Board of Directors shall determine. The Board of Directors in its discretion may also require any other officer, agent or employee of the Cooperative to give bond in such amount and with such surety as it shall determine.

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

SECTION 12. REPORTS. The officers of the Cooperative shall submit at each annual meeting of the members reports covering the business of the Cooperative for the previous fiscal year and showing the condition of the Cooperative at the close of such fiscal year.

ARTICLE VI

Contracts, Checks, and Deposits

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

SECTION 2. CHECKS, DRAFTS, ETC. All checks, drafts, or other orders for the payment of money,

and all notes, bonds, or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer or officers, agent or agents, employee, or employees of the Cooperative and in such manner, as shall from time to time be determined by resolution of the Board of Directors.

SECTION 3. DEPOSITS. All funds of the Cooperative shall be deposited from time to time to the credit of the Cooperative in such bank or banks as the Board of Directors may select.

ARTICLE VII Nonprofit Operation

SECTION 1. INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED. The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. In the furnishing of electric energy, the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the cooperative will operate on a nonprofit basis, the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the cooperative shall within a reasonable time after the close of the fiscal year notify each patron 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. 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.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law:

- (a) Be determined by the Board as to the nature and source of the income revenues, and whether such amounts are (1) member income, (2) member-sourced income, or (3) non-member or non-operating income.
- (b) Be determined by the board if, and how, such income should be allocated, and to which patrons and/or members.
- (c) If such revenues are determined by the Board to be non-member and/or non-operating income; then to determine whether such amounts should be retained by the Cooperative in a permanent, reserve equity account, subject to future use and/or determination by the Board.

As to all patronage allocations, it shall be within the sole discretion of the Board as to the timing, amount, and method of retirement. All patronage shall be allocated, and retired, in a fair and equitable manner. In the event of dissolution 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 prorate basis before any payments are made on account of property rights of members. If, at any time prior to dissolution or liquidation, the Board of Directors shall determine

that the financial condition of the Cooperative will not be impaired thereby, then subject only to such rules, regulations or restrictions as may be imposed upon the Cooperative with respect thereto by the Internal Revenue Service, or by the National Rural Utilities Cooperative Finance Corporation (CFC), or any other lending institution or mortgage holder, the capital then credited to patrons accounts may be retired in full or in part. After May 1, 1988, the Board of Directors shall determine the method basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. 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. Such rules shall (a) establish a method for determining the portion of such capital credited to each patron for each applicable calendar 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 notifications to patrons with respect to such portions of capital credited to their account and (d) preclude a general retirement of such portions of capital credited to patrons for any calendar 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 calendar year. Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise. The Cooperative, before retiring any capital credited to any patron's account, shall deduct therefrom any amount owing by such patron to the Cooperative, together with interest thereon at the Texas legal rate on judgments in effect when such amounts became overdue.

ARTICLE VIII Waiver of Notice

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

ARTICLE IX Disposition of Property

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

- (a) property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Corporations' system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all of the property of the Corporation:
- (b) services of all kinds, including electric energy; and
- (c) personal property acquired for resale; unless such sale, mortgage, lease or other disposition of encumbrance is authorized at a meeting of the members by the affirmative vote of at least two-thirds (2/3) of the members voting thereon at such meeting in person, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the members shall have the full power and authority to borrow money from the United States of America, or any agency or instrumentality thereof, and/or National Rural Utilities Cooperative Finance Corporation, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging of any or all of the property, assets, rights, privileges, franchises and

permits of the corporation, wherever situated, and whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

ARTICLE X

The fiscal year of the Cooperative shall begin on the first day of October of each year and end on September 30 of the next year. The Cooperative will also maintain its records so as to determine its accounts on an annual basis from January 1 through December 31 of each year.

ARTICLE XI Membership in Other Organizations

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board of Trustees (Directors), purchase stock in or become a member of any corporation or organization organized on a nonprofit basis for the purpose of engaging in or furthering the cause of rural electrification, or of any other corporation for the purpose of acquiring electric facilities.

ARTICLE XII 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 XIII Amendments

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

Revised: October 1990	Revised: April 1992
Revised: November 1994	Revised: February 1996
Revised: April 1997	Revised: March 2014
Revised: August 26, 2014	Revised: April 28, 2015
Revised: February 16, 2016	Revised: March 22, 2016
Revised: April 18, 2017	Revised: June 27, 2017
Revised: August 22, 2017	Revised: January 23, 2019
Revised: September 27, 2022	Revised: April 25, 2023
Revised: May 23, 2023	