BYLAWS
OF

SAN PATRICIO ELECTRIC COOPERATIVE, INC.

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REVISED

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ARTICLE 1 – DEFINITIONS

SECTION 1.01. General Provisions.

Within these Bylaws of San Patricio Electric Cooperative, Inc., as currently existing or as later amended ("Bylaws"):

1. Unless otherwise provided, words and phrases used in these Bylaws have their customary and ordinary meaning;
2. The singular use of any word includes the plural use, and the plural use of any word includes the singular use;
3. The masculine use of any word includes the feminine and neutral uses, the feminine use of any word includes the masculine and neutral uses, and the neutral use of any word includes the masculine and feminine uses;
4. The present tense of any word includes the past and future tenses, and the future. tense of any word includes the present tense; and
5. The words "shall" or "must" indicate a mandatory action or requirement, and the word "may" indicates a permissive action or requirement.

SECTION 1.02. Defined Terms.

These Bylaws define certain words and phrases within Bylaw sections ("Defined Terms"). Defined Terms are:

1. Capitalized and enclosed within parenthesis and quotation marks following the Defined Term's definition; and
2. Capitalized when otherwise used in these Bylaws.

Unless the context requires otherwise, Defined Terms have the meaning specified in the appropriate Bylaw section. The following Defined Terms are defined in the following Bylaw Sections:

Affiliated Capital Credits-Bylaw Section 7.02
Amend-Bylaw Section 9.01
Annual Member Meeting-Bylaw Section 3.01
Applicant-Bylaw Section 2.02
Articles-Bylaw Section 2.02
Asset-Bylaw Section 8.01
Board-Bylaw Section 2.02
Board Committee-Bylaw Section 5.06
Board Executive Committee-Bylaw Section 5.07
Board Meeting-Bylaw Section 5.03
Bylaws-Bylaw Section 1.01
Bylaw Provision-Bylaw Section 9.07
C & E Committee-Bylaw Section 3.13

Capital-Bylaw Section 7.02
Capital Credits-Bylaw Section 7.02
Close Relative-Bylaw Section 4.11
Conflict of Interest Director Qualification-Bylaw Section 4.03
Consolidation-Bylaw Section 8.02
Consolidation Agreement-Bylaw Section 8.02
Cooperative-Bylaw Section 2.01
Cooperative Equipment-Bylaw Section 2.06
Cooperative Officer-Bylaw Section 6.07
Cooperative Service Area-Bylaw Section 4.02
Cooperative Services-Bylaw Section 2.01
Deceased Patron-Bylaw Section 7.03
Defined Terms-Bylaw Section 1.02
Director-Bylaw Section 2.05
Director-at-Large Bylaw Section 4.01
Director District-Bylaw Section 4.02
Director Qualifications-Bylaw Section 4.03
Director Quorum-Bylaw Section 5.05
Director Removal Petition-Bylaw Section 4.08
Director Term-Bylaw Section 4.06
District Director-Bylaw Section 4.01
Disposition-Bylaw Section 8.01
General Director Qualification-Bylaw Section 4.03
Governing Documents-Bylaw Section 2.02
Indemnification Advance-Bylaw Section 6.12
Indemnification Director or Officer-Bylaw Section 6.12
Indemnification Director Quorum-Bylaw Section 6.12
Indemnification Expense-Bylaw Section 6.12
Indemnification Individual-Bylaw Section 6.12
Indemnification Party-Bylaw Section 6.12
Indemnification Proceeding-Bylaw Section 6.12
Indemnification Standard of Conduct-Bylaw Section 6.12
Joint Member-Bylaw Section 2.05
Joint Membership-Bylaw Section 2.05
Law-Bylaw Section 2.02
Member-Bylaw Section 2.03
Member Challenge-Bylaw Section 3.13
Member Committee-Bylaw Section 5.06
Member Demand-Bylaw Section 3.02
Member Meeting-Bylaw Section 3.03
Member Meeting Issues-Bylaw Section 3.13
Member Meeting Waiver of Notice-Bylaw Section 3.07
Member Meeting Written Ballot-Bylaw Section 3.09
Member Nominations-Bylaw Section 4.04
Member Quorum-Bylaw Section 3.08

Member Voting Document-Bylaw Section 3.12
Membership Director Qualification-Bylaw Section 4.03
Membership List-Bylaw Section 2.13
Membership Procedure-Bylaw Section 2.02
New Entity-Bylaw Section 8.02
Nomination Committee-Bylaw Section 4.04
Nomination Committee Nominations-Bylaw Section 4.04
Non-Member Non-Patrons-Bylaw Section 7.04
Non-Member Patrons- Bylaw Section 7.04
Non-Operating Margins-Bylaw Section 7.02
Officer-Bylaw Section 6.07
Operating Margins-Bylaw Section 7.02
Other Officer-Bylaw Section 6.06
Patron-Bylaw Section 7.02
Person-Bylaw Section 2.01
Reasonable Reserves-Bylaw Section 7.05
Record Date-Bylaw Section 3.06
Regular Board Meeting-Bylaw Section 5.01
Required Officer-Bylaw Section 6.01
Special Board Meeting-Bylaw Section 5.02
Special Member Meeting-Bylaw Section 3.02
Suspension Reason-Bylaw Section 2.11
Total Membership-Bylaw Section 3.02

ARTICLE II - COOPERATIVE MEMBERSHIP

SECTION 2.01. Membership Eligibility.

Any (1) natural person, (2) firm, (3) association, (4) corporation, (5) business trust, (6) partnership, (7) limited liability company, (8) state, state agency, or state political subdivision, (9) the United States of America, or any federal agency or federal political subdivision, or (10) other body politic (collectively, "Person"):

1. As required or allowed by Law, using, receiving, or purchasing any service, product, commodity, equipment, or facility from or through San Patricio Electric Cooperative, Inc. ("Cooperative") reasonably related to the Cooperative furnishing, or the Person receiving, electric power; or
2. As required or allowed by Law, using, receiving, or purchasing any other service, product, commodity, equipment, or facility from or through the Cooperative reasonably related to the Cooperative furnishing, or the Person receiving, any utility service;

(collectively, "Cooperative Services") is eligible to become a Member.

No Person may hold more than one (1) Cooperative membership. Unless required by Law or otherwise provided in these Bylaws, no Cooperative membership, and no right or privilege associated with Cooperative membership, may be sold, purchased, assigned, or otherwise transferred.

SECTION 2.02. Membership Procedure.

Any Person seeking to become a Member ("Applicant") must complete the following procedures ("Membership Procedures")

1. Within a reasonable time of using, receiving, or purchasing any Cooperative Service, complete a written membership application provided by the Cooperative in which the Applicant agrees, in writing, to:

    a. Comply with:

        (i) All applicable law and legally binding agreements regarding the:
            1. Cooperative;
            2. Cooperative's operation;
            3. Cooperative's Assets
            4. Cooperative's Members and Patrons; and
            5. Provisions, use, receipt, and purchase of Cooperative Services,

        Including, but limited to, all applicable:

            1. Legislative, executive, administrative, and judicial statutes, case law, regulations, ordinances, rulings, or orders;
            2. Local, state, and federal statutes, case law, regulations, ordinances, rulings, or orders;
            3. Contractual provisions legally enforceable by, or against, the Cooperative; and
            4. Legally binding contracts between the Cooperative and the Applicant or Member

                (collectively, "Law");

        (ii) The Cooperative's Articles of Incorporation ("Articles");
        (iii) These Bylaws;
        (iv) The Cooperative's service rules and regulations;
        (v) National Electrical Code;
        (vi) National Electrical Safety Code;
        (vii) The Cooperative's rate or price schedules; and
        (viii) Any policy, resolution, action, or amendment adopted by the Cooperative's board of directors ("Board") or membership;

as any of these materials currently exist, or as later amended, (collectively "Governing Documents"); and

b. Be a Member; and

c. At prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, pay the Cooperative for all:

(i) Cooperative Services used, received, or purchased:

1. By the Member; or
2. At, or for, any dwelling or structure owned, controlled, or directly occupied by the Member; and

(ii) Reasonable dues, assessments, fees, deposits, contributions, or other amounts required by these Bylaws or the Board;

2. Complete any additional or supplemental document or contract required by the Board for the Cooperative Service which the applicant is seeking to use, receive or purchase;
3. Pay the Cooperative any reasonable dues, assessment, fee, deposit, contribution, or other amount required by these Bylaws or the Board; and
4. Unless waived in writing by the Board, or waived pursuant to Board policy generally applicable to all Applicants, pay the Cooperative any outstanding amounts owed the Cooperative by the Applicant.

SECTION 2.03 - Automatic Membership

Unless the Board determines otherwise as provided in these Bylaws, upon:

1. Completing the Membership Procedure to the Cooperative's satisfaction; and
2. Using, receiving, or purchasing any Cooperative Service,

An Applicant automatically becomes a member of the Cooperative effective the date the Applicant began using, receiving, or purchasing a Cooperative Service ("Member").

The Cooperative may issue membership certificates to each Member in a manner, method, and form determined by the Board.

If the Board determines that any Applicant is unable to comply with the Governing Documents, then the Board may refuse the Applicant membership in the Cooperative. For other good cause determined by the Board, the Board may refuse an Applicant membership in the Cooperative.

If the Board refuses membership to any Applicant, then the Cooperative shall return to the Applicant any amounts paid to the Cooperative by the Applicant as part of the Membership Procedure other than:

1. Amounts paid for using, receiving, or purchasing any Cooperative Service; and
2. Outstanding amounts previously owed the Cooperative, and any associated interest or late payment charges.

SECTION 2.04 - Membership Agreement

Every Member shall follow, abide by, and be legally bound to, the Governing Documents. As provided in these Bylaws, the Cooperative may terminate any Member or Cooperative Service for the Member's failure to follow, abide by, or be legally bound to, the Governing Documents.

SECTION 2.05 - Joint Membership

As provided in this Bylaw, a husband and wife principally residing at the same location may apply for joint membership in the Cooperative ("Joint Membership").

1. Creating Joint Memberships. By jointly signing and executing a membership application, and by jointly completing the Membership Procedures, a husband and wife principally residing at the same location may apply for Joint Membership. By written request, and by jointly executing a new membership application, any Member may apply to convert the Member's individual membership to a Joint Membership with the Member's spouse principally residing at the same location as the Member.
2. Joint Member Rights and Obligations. Unless denied membership as provided by these Bylaws, and unless otherwise specified by these Bylaws, each natural person comprising a Joint Membership ("Joint Member") has and may enjoy all the rights, benefits, and privileges, and is subject to all the obligations, requirements, and liabilities, of being a Member. As used in these Bylaws, and unless otherwise provided in these Bylaws, Membership includes any Joint Membership, and Member includes any Joint Member.
3. Effect of Joint Member Actions. For each Joint Membership:

    a. Notice of any meeting provided to either Joint Member, or waiver of notice of any meeting signed by either Joint Member, constitutes notice or waiver of notice for both Joint Members comprising the Joint Membership.
    b. The presence of either, or both, Joint Members at any meeting:

        (i) Constitutes the presence of one (1) Member at the meeting;
        (ii) Waives notice of the meeting for both Joint Members comprising the Joint Membership.

c. If only one (1) Joint Member votes on any matter, then the vote binds the Joint Membership and constitutes one (1) vote. If both Joint Members vote on any matter, then each vote constitutes a one-half (1/2) vote;
d. Except upon the death of a Joint Member or divorce of marriage or failure to principally reside in the same location between Joint Members, the suspension or termination of either Joint Member constitutes suspension or termination of both Joint Members; and
e. A Joint Member otherwise qualified is eligible to serve as a member of the Board ("Director"). If both Joint Members are otherwise qualified to serve as a Director, then either Joint Member, but not both Joint Members simultaneously, is eligible to serve as a Director.

4. Joint Membership Conversion and Termination. Upon a death, divorce of marriage, or failure to principally reside in the same location between Joint Members:

a. If one (1) Joint Member continues to legally use, receive, or purchase a Cooperative Service at the same location, then the Joint Membership converts to a membership in the name of the Joint Member continuing to legally use, receive, or purchase a Cooperative Service at the same location;
b. If both Joint Members continue to legally use, receive, or purchase a Cooperative Service at the same location, then the Joint Membership converts to a membership in the name of the Joint Member determined by the Cooperative; or
c. If neither Joint Member continues to legally use, receive, or purchase a Cooperative Service at the same location, then the Joint Membership terminates.

SECTION 2.06 - Provision of Cooperative Services

The Cooperative shall provide Cooperative Services to Members in a reasonable manner. The Cooperative, however, neither guarantees nor warrants continuous or flawless provision of Cooperative Services. The Cooperative's responsibility and liability for providing Cooperative Services terminates upon delivery of any Cooperative Service to a Member or other Person acting for a Member.

After providing the Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate provision of any Cooperative Services to any Member.

Upon:

1. Determining that a Member has tampered or interfered with, damaged, or impaired any product, equipment, structure, or facility furnished or used by the Cooperative to

provide, monitor, measure, or maintain any Cooperative Service ("Cooperative Equipment");
2. Discovering the unsafe condition of any Cooperative Equipment; or
3. Discovering any imminent hazard or danger posed by any Cooperative Equipment; then,

without providing the Member notice or an opportunity to comment, the Cooperative may suspend the Member, and may suspend or terminate provision of Cooperative Services to the Member.

SECTION 2.07 - Purchase of Cooperative Services

As required or allowed by Law, and unless otherwise specified in writing by the Board, each Member shall use, receive, or purchase Cooperative Services from the Cooperative. Each Member shall comply with, and abide by, any policy, program, rule, procedure, or other determination promulgated by the Board regarding the provision of Cooperative Services to the Member.

1. Payments to Cooperative. At prices, rates, or amounts determined by the Board, and in a manner specified by the Cooperative, each Member shall pay the Cooperative for all:

   a. Cooperative Services used, received, or purchased:

      (i) By the Member; or
      (ii) At, or for, any dwelling or structure owned, controlled, or directly occupied by the Member; and

2. Interest and Late Payment Fees. As determined by the Board, and as allowed by law, Members shall pay interest and/or late payment fees for all amounts owed, but not timely paid, to the Cooperative.

   Notwithstanding the Cooperative's accounting procedures, the Cooperative may apply all amounts paid by any Member to all of the Member's accounts on a pro rata basis, or as otherwise determined by the Board.

3. Reduction in Cooperative Services. As required or allowed by Law, and as determined by the Board:

   a. If a Member substantially reduces or ceases the Member's use, receipt, or purchase of Cooperative Services, either singly or in combination; then
   b. The Cooperative may charge the Member, and the Member shall pay the Cooperative, the reasonable costs and expenses incurred by the Cooperative in relying upon the Member's pre-reduction or pre-ceasing use, receipt, or

purchase of Cooperative Services.

SECTION 2.08 - Maintaining Member Location

Each Member shall maintain every dwelling or structure owned, controlled, or directly occupied by the Member, and at which the Cooperative provides any Cooperative Service, as required by the Governing Documents.

SECTION 2.09 -Member Grant of Property Rights

As determined or required by the Cooperative, each Member shall:

1. Provide the Cooperative temporary, or permanent, safe and reliable access to, and use of, any portion of; and

2. Upon request from, and without charge to, and under reasonable terms and conditions determined by, the Cooperative, grant and convey, and execute any document reasonably requested by the Cooperative to grant and convey, to the Cooperative any written or oral easement, right-of-way, license, other property interest in any real or personal property in which the Member possesses any legal right and which is reasonably necessary to:

3. Purchase, install, construct, inspect, monitor, operate, repair, maintain, remove, or relocate any Cooperative Equipment;

4. Provide, monitor, measure, or maintain any Cooperative Service;

5. Satisfy or facilitate any obligation incurred, or right granted by the Cooperative regarding the use of Cooperative Equipment; or

6. Safely, reliably, and efficiently:

    a. Operate the Cooperative; or
    b. Provide any Cooperative Service

No Member shall tamper or interfere with, damage, or impair any Cooperative Equipment. Unless otherwise determined by the Board, the Cooperative owns all Cooperative Equipment. Each Member shall protect all Cooperative Equipment, and shall install, implement, and maintain any protective device or procedure reasonably required by the Cooperative.

Each Member shall comply with any procedure required by the Cooperative regarding the provision of any Cooperative Service to any Member or Person.

SECTION 2.10 – Indemnification

Each Member shall indemnify the Cooperative for, and hold the Cooperative harmless from, any expenses, costs, liabilities, or damages, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by any Cooperative Director, Officer, employee, agent, representative, or contractor, because of any property damage, personal injury, or death resulting from the Member's negligence or failure to comply with the Governing Documents.

SECTION 2.11 - Member Suspension

The Cooperative may suspend Members as provided in this Bylaw and allowed by Law.

1. Suspension Reasons. The Cooperative may suspend a Member if the Member:

    a. Fails to timely pay any amounts due the Cooperative;
    b. Fails to timely comply with the Governing Documents;
    c. Ceases using, receiving, or purchasing any Cooperative Service;
    d. Dies, legally dissolves, or legally ceases to exist; or
    e. Voluntarily requests suspension; or as otherwise provided in these Bylaws, or for other good cause determined by the Board (collectively, "Suspension Reason").

2. Notice and Comment. Upon a Member's voluntary request for suspension, or, unless otherwise provided in these Bylaws, if the Cooperative, following the occurrence of a Suspension Reason other than a Member's voluntary request for suspension:

    a. Provides the Member at least fifteen (15) days prior written notice of the Member's possible suspension and the underlying Suspension Reason; and
    b. Notifies the Member that the Member has, and allows the Member, at least five (5) days after the effective date of the notice to comment upon the Suspension Reason, either orally or in writing, then unless otherwise determined by the Board in good faith, the Member is suspended.

Any written suspension notice provided by mail must be mailed first-class or certified mail to the Member's most current address shown on the Membership list. Unless otherwise determined by the Board, a partnership-Member continuing to use, receive, or purchase a Cooperative Service is not automatically suspended upon the death of any partner, or following any other alteration in the partnership. A partner leaving a partnership-Member remains liable to the Cooperative for any amounts owed to the Cooperative by the partnership-Member at the time of the partner's departure.

3. Effect of Member Suspension Upon Cooperative. Upon a Member's suspension, and other than the Cooperative's:

a. Obligation to retire and refund Capital Credits and Affiliated Capital Credits; and
b. Obligations regarding the Cooperative's dissolution, the:

a. Cooperative's duties, obligations, and liabilities imposed by these Bylaws for the Member cease; and
b. Cooperative may cease providing any Cooperative Service to the Member.

4. Effect of Member Suspension Upon Member. Other than the right to receive retired and refunded Capital Credits and Affiliated Capital Credits, and other than rights upon the Cooperative's dissolution, a suspended Member forfeits and relinquishes all rights provided in the Governing Documents. In particular, a suspended Member forfeits and relinquishes any voting rights provided by these Bylaws. A suspended Member, however, remains subject to all obligations imposed by the Governing Documents.

5. Lifting of Suspension. Unless otherwise determined by the Board in good faith, a Member's suspension is automatically lifted upon the Member rectifying, to the Cooperative's reasonable satisfaction, the underlying Suspension Reason within ten (10) days of the suspension. The Board may lift any Member suspension for good cause as determined by the Board.

SECTION 2.12 - Member Termination

Upon approval by the Board in good faith, and as allowed by Law, a suspended Member is terminated. Termination of a Member does not release the former Member from any debts, liabilities, or obligations owed the Cooperative. Upon a Member's termination from the Cooperative, and after deducting any amounts owed the Cooperative, the Cooperative shall return to the Member any membership fee or deposit paid by the Member.

SECTION 2.13 - Membership List

The Cooperative, or the Cooperative's agent, shall maintain a record of current Members in a form permitting the Cooperative to alphabetically list the names and addresses of all Members ("Membership List").

Upon five (5) business days' prior written notice or request and:

1. At a reasonable time and location specified by the Cooperative, a Member may inspect and copy the names and addresses included in the Membership List; or
2. If reasonable, as determined by the Cooperative, and upon a Member paying the Cooperative a reasonable charge determined by the Cooperative covering the

Cooperative's labor and material cost of preparing and copying the Membership list, the Cooperative shall provide to the Member a copy of the names and addresses included in the Membership List

if, and to the extent that:

1. The Member's demand is made in good faith and for a proper purpose;
2. The Member describes with reasonable particularity the Member's purpose for inspecting or copying the Membership List; and
3. The Membership List is directly connected with the Member's purpose.

Without the Board's consent, however, a Member may not inspect, copy, or receive a copy of, the names and addresses included in the Membership List for any purpose unrelated to the Member's interest as a Member. Likewise, without the Board's consent, the names and addresses included in the Membership List may not be:

1. Used to solicit money or property unless the money or property is used solely to solicit Member votes;
2. Used for any commercial purpose; or
3. Sold to, or purchased by, any Person.

SECTION 2.14 - Member Liability

A Member is generally not liable to third parties for the Cooperative's acts, debts, liabilities, or obligations. A Member, however, may become liable to the Cooperative as:

1. Provided in these Bylaws; or
2. Otherwise agreed to by the Cooperative and Member.

ARTICLE III - MEMBER MEETINGS AND MEMBER VOTING

SECTION 3.01 - Annual Member Meetings

Within a county in which the Cooperative provides any Cooperative Service, the Cooperative shall annually hold a meeting of Members ("Annual Member Meeting"). The Annual Member Meeting shall be held on the fourth Saturday in the month of September of each year, provided that, for cause sufficient to it, the Board may fix a different date for any Annual Member Meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section.

The Board shall determine the time, and location of any Annual Member Meeting.

At the Annual Member Meeting, the President and Treasurer shall provide a written report, or oral representation, regarding the Cooperative's activities and financial

condition. The Cooperative's failure to hold an Annual Member Meeting does not affect any action taken by the Cooperative.

SECTION 3.02 - Special Member Meetings

The Cooperative shall hold a special meeting of Members at a date, time, and location within a county in which the Cooperative provides any Cooperative Service determined by the Board ("Special Member Meeting") upon the Cooperative receiving:

1. A written request from the Board or President;
2. A written request by at least three (3) of the Directors currently in office; and
3. One (1) or more written demands signed and dated by at least ten percent (10%) of the Cooperative's total current non-suspended Members ("Total Membership") requesting, and describing the purpose of, a special meeting of Members ("Member Demand").

If the Cooperative fails to notify properly the Members of a Special Member Meeting within thirty (30) days of receiving any Member Demand, then a Member signing the Member Demand may:

1. Reasonably set the time, place, and location of the Special Member Meeting; and
2. Properly notify the Members of the Special Member Meeting.

SECTION 3.03 - Permitted Member Action at Member Meetings

At any Annual Member Meeting or Special Member Meeting (collectively, "Member Meeting"), Members may consider, vote, or act only upon a matter for which:

1. Unless otherwise provided in these Bylaws, the Board and Members were notified properly;
2. The Members are authorized to consider, vote, or act; and
3. For a Special Member Meeting, the notice of the Special Member Meeting properly described.

Unless at least one-third (1/3) of the Members entitled to vote on a matter are present at an Annual Member Meeting in person, Members may only vote upon matters described in the notice of the Annual Member Meeting. At a Special Member Meeting, Members may only vote upon matters described in the notice of the Special Member Meeting.

SECTION 3.04 - Member Action by Written Consent

Unless otherwise provided in the Bylaws, any action required or permitted to be taken or approved by Members may not be approved or taken without an Annual Member Meeting or Special Member Meeting (collectively, "Member Meeting").

SECTION 3.05 - Notice of Member Meetings

As directed by the President, Secretary, or any Officer or Member properly calling a Member Meeting, the Cooperative shall deliver written notice of the Member Meeting:

1. Personally or by mail;
2. To all Members entitled to vote at Member Meeting;
3. Indicating the date, time, and location of the Member Meeting;
4. At least ten (10), but no more than thirty (30) days prior to the Member Meeting;
5. For any Annual Member Meeting, describing any matter to be considered, or voted or acted upon, at the Annual Member Meeting; and
6. For any Special Member Meeting, stating the purpose of, and describing any matter to be considered, or voted or acted upon, at the Special Member Meeting.

If mailed, notice of Member Meeting is delivered when deposited in the United States Mail with prepaid postage affixed and addressed to a Member at the Member's address shown on the Membership List.

The inadvertent and unintended failure of any Member to receive notice of any Member Meeting shall not affect any action taken at the Member Meeting.

Unless otherwise provided in these Bylaws, the Cooperative shall notify Members of a Member Meeting adjourned to another date, time, or location unless:

1. The Member Meeting is adjourned to another date occurring within sixty (60) days following the Record Date for the original Member Meeting; and
2. The new date, time, or location is announced at the Member Meeting prior to adjournment.

SECTION 3.06 - Record Date

The Board may fix a date for determining the Total Membership and the Members entitled to ("Record Date"):

1. Notice of a Member Meeting; and
2. Vote at a Member Meeting.

No Board determined Record Date may be more than seventy (70) days prior to the date of the Member Meeting.

Unless otherwise fixed by the Board, the Record Date for determining the Total Membership and the Members entitled to:

1. Notice of a Member Meeting is the close of business on the business day preceding the day the Cooperative notifies Members of the Member Meeting; and
2. Vote at a Member Meeting is the date of the Member Meeting.

The Record Date for determining the Total Membership and the Members entitled to sign a Member Demand is the close of business on the thirtieth (30th) day prior to the Cooperative's receipt of Member Demands.

The Record Date for determining the Total Membership and the Members entitled to notice of, or to vote at, a Member Meeting is effective for any Member Meeting adjourned to a date not more than seventy (70) days following the Record Date for determining the Total Membership and the Members entitled to notice of the original Member Meeting.

SECTION 3.07 - Member Waiver of Notice

A Member may waive notice of a Member Meeting, or waive notice of any matter to be considered, or voted or acted upon, at a Member Meeting, by signing and delivering to the Cooperative a written waiver of notice ("Member Meeting Waiver of Notice") either prior to the Member Meeting, or within thirty (30) days following the Member Meeting.

Unless a Member objects to holding, or to transacting business at, a Member Meeting, a Member's attendance in person or, when the option is made available to Members, by mail or electronically, at a Member Meeting waives the Member's objection to lack of notice, or to defective notice, of the Member Meeting. Unless a Member objects to considering a matter at a Member Meeting, a Member's attendance in person or, when the option is made available to Members, by mail or electronically, waives the Member's objection to considering, or voting or acting upon, the matter at the Member Meeting.

SECTION 3.08 - Member Quorum

At any time the Total Membership does not exceed one thousand (1,000), at least fifteen percent (15%) of the Total Membership, present in person, shall constitute a quorum. At any time that the Total Membership shall exceed one thousand (1,000), then at least one hundred fifty (150) Members, present in person or, when the option is made available to Members, represented by mail or electronically, shall constitute a quorum ("Member Quorum"). Members voting in such a Member Meeting by mail or electronically, when the option is made available to Members, shall be counted as present for purposes of determining whether a quorum is present. This Section 3.08 shall in no way supersede, impair or affect the provisions of Section 8.01 of Article VIII insofar as such Section 8.01 pertains to the minimum number of affirmative votes necessary to authorize the sale of

the Cooperative's property in such instances when the affirmative vote of Members of the Cooperative is necessary to authorize such a sale.

If less than the Member Quorum are present at any Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting without further notice to a date no more than ninety (90) days following the original Member Meeting.

SECTION 3.09 - Member Voting

Upon presenting identification or proof of Cooperative membership as reasonably required by the Cooperative, and regardless of the value or quantity of Cooperative Services used, received, or purchased, each non-suspended Member may cast one (1) vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of non-natural person Members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person Member.

Unless otherwise provided by Law, the Articles, or these Bylaws, Members approve a matter and act if:

1. A Member Quorum is present; and
2. A majority of Members present in person or, when the option is made available to Members, voting by mail or electronically, who are entitled to vote on a matter, and voting on the matter, vote in favor of the matter.

If a Member does not attend a Member Meeting, then, unless the Member has otherwise properly voted by mail or electronically, when that option is made available to Members, the Member's spouse may attend the Member Meeting and vote as the Member's representative. All Members properly represented by a Member representative shall be counted in determining whether a Member Quorum exists. Members may not cumulate votes.

SECTION 3.10 - Member Voting by Mail or Electronically

Member voting by mail or electronically on any issue, including election of Directors of the Cooperative, shall be allowed if the Board so determines from time-to-time by Resolution of the Board. The method of casting votes by mail or electronically, the formats of any ballots for election of Directors or any other issue to be voted upon by the Members of the Cooperative, the procedures of mailing, delivering, counting, tallying ballots and certifying results shall be as determined by the Board from time-to-time by Resolution of the Board. Ballots shall be so printed as to be candidate-neutral or issue-neutral. In the event voting in person is also allowed at a Member Meeting on the same matter(s) voted upon by mail or electronic ballot, no Member may vote on such matter(s) in person at the Member Meeting if he has already cast a mail or electronic ballot on such matter(s). Results of any election or voting upon any other issue shall be certified and

announced at the annual Member Meeting or any Special Member Meeting. When the option is made available to Members, the Cooperative shall accept votes submitted by mail or electronically on any matter as provided in these Bylaws as the Member's vote or action, and Members voting by mail or electronically shall be counted as present for purposes of determining whether a quorum is present.

SECTION 3.11 - Accepting and Rejecting Member Voting Documents

Regarding any Member Meeting Waiver of Notice, Member ballot (however submitted) or other document allegedly executed by, or on behalf of, a Member (collectively, "Member Voting Document"):

1. Acceptance. The Cooperative may accept, and give effect to, the Member Voting Document if:

    a. The name signed on the Member Voting Document corresponds to a Member's name, and the Cooperative acts in good faith; or
    b. The Cooperative reasonably believes the Member Voting Document is valid and authorized.

2. Rejection. The Cooperative may reject, and not give effect to, the Member Voting Document if the Cooperative:

    a. Acts in good faith; and
    b. Has reasonable basis for doubting the validity of:

        (i) The signature on the Member Voting Document; or
        (ii) The signatory's authority to sign on behalf of the Member.

3. Liability. Neither the Cooperative, nor any Cooperative Member, Director, Officer, employee, or agent, is liable to any Member for accepting or rejecting a Member Voting Document as provided in this Bylaw.

SECTION 3.12 - Credentials and Election Committee

Prior to any Member Meeting, the Board shall appoint a Credentials and Election Member Committee ("C & E Committee") consisting of an uneven number of Members between three (3) and nineteen (19).

1. C & E Committee Members. A C & E Committee member may not be:

    a. A Member of the Nominating Committee; or
    b. An existing, or Close Relative of an existing:

        (i) Cooperative Director, Officer, employee, representative, or agent; or

(ii) Known Director candidate.

As allowed by the Governing Documents, and as determined by the Board, the Cooperative may reasonably compensate or reimburse C & E Committee members.

2. C & E Committee Duties. Prior to, at, or within a reasonable time following, the Member Meeting for which the C & E Committee was appointed, the C & E Committee shall:

   a. Elect a chairperson and secretary;
   b. Establish, or approve, the manner or method of Member registration and voting;
   c. Oversee or supervise Member registration and voting, and the tabulation of Member votes; and
   d. Consider and decide all questions, issues, or disputes regarding:

      (i) Member registration and voting;
      (ii) The tabulation of Member votes;
      (iii) Director nominations; and
      (iv) Whether a Director nominee or newly elected Director satisfies the Director Qualification

      (collectively, "Member Meeting Issues").

The C & E Committee may meet, consider, or decide Member Meeting Issues, or otherwise act, only if a majority of the C & E Committee members are present. Any C & E Committee decision or action requires a vote of at least a majority of the C & E Committee Members. Unless properly challenged under this Bylaw, all C & E Committee decisions prior to, at, or within a reasonable time following, a Member Meeting are final.

At the Cooperative's expense, the Cooperative shall make available legal counsel to the C & E Committee. As used in this Bylaw, Member voting includes voting by ballot submitted in person or, when the option is made available to Members, by mail or electronically.

3. Member Challenge. Any Member may:

   a. Comment upon a Member Meeting Issue; or
   b. Challenge the C & E Committee's decision regarding a Member Meeting Issue

by filing a written description of the Member's comments or challenge ("Member Challenge') with the Cooperative within three (3) business days following the Member Meeting addressed by the Member Challenge.

Within thirty (30) days of receiving any Member Challenge, the C & E Committee shall:

a. As determined by the C & E Committee, meet and receive oral or written evidence from any Member, or legal counsel representing any Member, directly and substantially implicated in, or affected by, the Member Challenge; and
b. Consider, decide, and rule upon the Member Challenge.

The C & E Committee's decision regarding any Member Challenge is final. Upon written request by any Member received by the C & E Committee within thirty (30) days of a C & E Committee decision, the C & E Committee shall prepare a written report summarizing and explaining the C & E Committee's decision.

The failure of the Cooperative or C & E Committee to act as required by this Bylaw shall not, by itself, affect any vote, Director election, or other action taken at a Member Meeting.

SECTION 3.13 Member Meeting Order of Business

The Board shall determine the agenda and order of business for Member Meetings.

ARTICLE IV - BOARD OF DIRECTORS

SECTION 4.01 Board

The Cooperative shall have a Board consisting of:

1. One (1) natural person from each Director District ("District Director"); and
2. One (1) natural person from the Cooperative Service Area ("Director-at-Large").

Except as otherwise provided by Law, the Articles, or these Bylaws:

1. All Cooperative powers must be exercised by the Board, or under the Board's authority; and
2. All Cooperative affairs must be managed under the Board's direction.

To the extent the Law, the Articles, or these Bylaws authorize any Person to exercise any power that the Board would otherwise exercise, the Person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

SECTION 4.02 Director District

The Cooperative shall equitably divide the general area in which Members are located or reside ("Cooperative Service Area") into seven (7) districts ("Director Districts"). If

necessary, the Board may revise the Director Districts to ensure that Members are equitably represented by the Director Districts.

Within thirty (30) days following any Director District revision, and at least thirty (30) days before the next Annual Member Meeting, the Cooperative shall notify, in writing, any Members affected by the Director District revision. Director District revisions are effective on the date the Cooperative releases written notice of the Director District revision. No Director District revision may:

1. Increase an existing Director's Director Term; or
2. Unless the affected Director consents in writing, shorten any existing Director's Director Term.

SECTION 4.03 Director Qualifications

Any Director or Director candidate must comply with this Bylaw.

1. General Director Qualifications. A Director or Director candidate must:

   a. Be a natural person;

   b. Have the capacity to enter legally binding contracts;

   c. While a Director, and during the ten (10) years immediately prior to becoming a Director, not be, nor have been, a non-Director Cooperative Officer, employee, agent, or representative;

   d. While a Director, and at any time prior to becoming a Director, not:

      (i) Be, nor have been, convicted of a felony; or

      (ii) Plead, nor have pled, guilty to a felony;

   e. Within three (3) years of becoming a Director, and unless excused by the Board for good cause, receive a Credentialed Cooperative Director designation or Director's Certificate or similar certification from the National Rural Electric Cooperative Association;

   f. Unless excused for good cause by the Board or Members, attend at least two-thirds (2/3) of all Board Meetings during any (12) month period; and

   g. Comply with any other reasonable qualifications determined by the board.

   (collectively, "General Director Qualifications").

h. Additionally, no Director is eligible to become a non-Director Cooperative Officer, employee, agent, or representative for a period of ten (10) years following the end of the Director's term.

2. Membership Director Qualification. While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director candidate must:

a. Be a Member in good standing and if a District Director, permanently residing in the Director District from which the Director is elected or chosen, and if a Director-at-Large, permanently residing in the Cooperative Service Area; and

b. Use, receive, or purchase a Cooperative Service at the Director's primary residence;

or:

a. Be duly authorized by a non-natural person Member:

(i) In good standing and permanently located; and

(ii) Continuously and materially using, receiving, or purchasing a Cooperative Service within the Director District from which the Director is elected or chosen, if a District Director, or within the Cooperative Service Area, if a Director-at-Large; and

b. Permanently reside within one-hundred (100) miles of the Cooperative's principal office

(Collectively, "Membership Director Qualifications").

At any time:

a. No non-natural person Member may authorize more than one (1) Director or Director Candidate; and

b. No more than three (3) Directors may be authorized by non-natural person Members.

3. Conflict of Interest Director Qualifications. While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director candidate must not be, nor have been:

a. A Close Relative of an existing Director, other than an existing Director who will cease being a Director within one (1) year;

b. A Close Relative of an existing, non-Director Cooperative Officer, employee, agent, or representative;

c. Employed by, materially affiliated with, or share a material financial interest with, any other Director; or

d. Engaged in, nor employed by, materially affiliated with, or have a material financial interest in any individual or entity:

(i) Directly and substantially competing with the Cooperative;

(ii) Selling goods or services in substantial quantity to the Cooperative, or to a substantial number of Members; or

(iii) Possessing a substantial conflict of interest with the Cooperative

(collectively, "Conflict of Interest Director Qualifications").

4. Continuing Director Qualification. Only natural persons complying with the General Director Qualifications, Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, "Director Qualifications") may serve, or continue to serve, as a Director.

5. Effect of Service on the Credentials and Election Committee and Nominating Committee. For purposes of this Section, service as a member of the Credentials and Election Committee or the Nominating Committee shall not, standing alone, constitute service as a non-Director Officer, employee, agent, or representative of the Cooperative.

Notwithstanding the foregoing, no person serving as a member of the Credentials and Election Committee or the Nominating Committee with respect to a Member Meeting shall be eligible to become a candidate for election as a director at that Member Meeting, regardless of whether such person subsequently resigns from the committee before completing its duties. Upon completion of the committee's responsibilities relating to that Member Meeting, including the final disposition of all timely filed Member Challenges pursuant to Section 3.12(C), such committee service shall not disqualify the person from becoming a candidate for director in any subsequent election, provided that the person otherwise satisfies all qualifications for service as a director set forth in these Bylaws.

After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as reasonably determined by the Board, then the Board is authorized to remove the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board action, then the

failure of any director to comply with all Director Qualifications does not affect the Board action.

SECTION 4.04 Director Nominations

Unless otherwise provided in these Bylaws, prior to electing Directors:

1. Nominating Committee Nominations. At least ninety (90) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Board shall appoint a Member Committee consisting of one (1) or more Members from each Director District ("Nominating Committee"). Nominating Committee members may not be an existing, or a Close Relative of an existing, Cooperative Director, Officer, employee, agent, representative, or known Director candidate.

   At least thirty (30) days prior to the Member Meeting at which Members are scheduled to elect Directors, the Nominating Committee shall:

   a. Nominate at least one (1) individual to run for election for each Director position for which Members are scheduled to vote at the Member Meeting ("Nominating Committee Nominations"); and
   b. Post the Nominating Committee Nominations at the Cooperative's principal office by Director District and, if subject to election at such Member Meeting, the Director-at-Large.

      As determined by the Board, and as allowed by the Governing Documents, the Cooperative may reasonably compensate or reimburse Nominating Committee members.

2. Member Nomination by Petition. Members may nominate additional individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting by submitting to the Nominating Committee a petition signed by at least twenty-five Members proposing that individual for such Director position ("Member Nominations"). Member Nominations for a District Director may only be made by a petition submitted by twenty-five (25) or more Members residing or located in such Director District. Member Nominations for Director-at-Large (if a Director-at-Large is to be elected at such Member Meeting) may be made by a petition submitted by twenty-five (25) or more Members located or residing in the Cooperative Service Area. Attached to the petition shall be a written consent by the nominee to serve as a Director, if elected, as well as biographical information to include qualifications. The Cooperative shall make the form for Member Nomination petitions available at the Cooperative's principal office and on the Cooperative's website. The written Member Nomination petitions must be properly completed and delivered to the Nominating Committee at the Cooperative's principal office (or other location designated by the Nominating Committee) not less than fifty (50) days prior to the Member Meeting at which Members are scheduled to vote. Petition

forms received after that deadline shall be void. A Member can sign only one Member Nomination petition. If a Member signs more than one Member Nomination petition, that signature becomes invalid on all petitions signed by the Member. The Nominating Committee will authenticate Member Nomination petition signatures not later than forty-five (45) days prior to the Member Meeting. Candidates nominated by Member Nomination petition may be required to provide the Nominating Committee and C & E Committee with information necessary to verify that the candidate meets all Director Qualifications. Once the signatures on the Member Nomination petition have been authenticated, the Member Nomination petition nominations shall be posted at the Cooperative's principal office by Director District and, if subject to election at such Member Meeting, the Director-at-Large.

3. Notice of Director Nominations. At least ten (10) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:

   a. Director positions for which Members are scheduled to vote; and
   b. Names and corresponding Director positions of all Nomination Committee Nominations and Member Nominations, along with biographical information concerning each of those nominees, including their qualifications.

   If voting by mail is made available to the Members, the Cooperative shall deliver such information to the Members along with delivery of the ballot.

SECTION 4.05 Director Elections

Members located or residing in the Cooperative Service Area shall annually elect Directors:

1. For new Director positions or for Director positions for which the incumbent Director's Director Term is expiring;
2. From the Nominating Committee Nominations or Member Nominations;
3. At the annual Member Meeting or other properly called Member Meeting; and
4. By a majority of the votes cast with a Member Quorum present in person or, when the option is made available to Members, voting by mail or electronically, *provided, however*, that if three (3) or more persons have been nominated for any one Director position and no one nominee has received a majority of the votes cast, then the nominee receiving the highest number of votes shall be considered elected as Director. In case of a tie Director vote, the Director elected is determined by a drawing by lot.

SECTION 4.06 Director Terms

A Director's term is three (3) years ("Director's Term"). The Cooperative shall stagger District Director Terms by dividing the total number of authorized District Directors, to

include the Director-at-Large every third year, into three groups of equal number. Members, therefore, will annually elect two or three District Directors. Members will elect a Director-at-Large every three years.

Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director's Director Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected, or until the number of Directors is decreased. Unless otherwise provided in these Bylaws, the Director Term of a Director filling a vacant Director's position is the remaining unexpired Director Term of the vacant Director's position.

SECTION 4.07 Director Resignation

A Director may resign at any time by delivering written notice of resignation to the Board, President, or Secretary. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the Board, President, or Secretary receiving the written notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then pending Director vacancy may be filled before the effective date of the Director's resignation.

SECTION 4.08 Director Removal

Regarding any Director:

1. Director Removal Petition. As provided in this Bylaw, Members may request the removal of one (1) or more Directors for committing any grossly negligent, fraudulent, or criminal, act or omission significantly and adversely affecting the Cooperative. For each Director for whom removal is requested, Members shall deliver to the President or Secretary a dated written petition ("Director Removal Petition"):

    a. Identifying the Director;
    b. Explaining the basis for requesting the Director's removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request; and
    c. As Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original and dated signatures obtained within sixty (60) days of the Director Removal Petition date, of at least ten percent (10%) of the Members entitled to elect the Director.

    Within thirty (30) days following the President or Secretary receiving a Director Removal Petition:

a. The Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and
b. The Board shall meet to review the Director Removal Petition.

2. Member Meeting. If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that:

a. A purpose of the Member Meeting is to consider removing a Director;
b. Evidence may be presented, and a Member vote taken, regarding removing the Director; and
c. Members may elect a successor Director.

If a Member Quorum is present at the Member Meeting, then for the Director named in each Director Removal Petition:

a. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
b. The Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and
c. Following the Director's presentation, and following Member discussion, the Members must vote whether to remove the Director.

If a majority of Members present and voting and entitled to vote for the Director vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members entitled to vote for the Director may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. Any successor Director elected by the Members must comply with the Director Qualifications.

Neither a Director Removal Petition nor Director removal affects any Board action. No Director may be removed for lawfully opposing or resisting any Transfer of Cooperative Assets, or any Cooperative dissolution.

SECTION 4.09 Director Vacancy

Unless otherwise provided in these Bylaws.

1. By the affirmative vote of a majority of the remaining Directors, the Board may fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors; and

2. Any Director elected by the Board to fill any vacant Director position shall serve until the next Annual Member Meeting, at which time the Members shall elect a new Director to fill the previously vacant Director position.

If a new Director does not take office until a Director vacancy occurs, then the Board may fill any Director vacancy that will occur at a later specified date before the vacancy occurs.

An individual elected to fill a vacant Director position must comply with the Director Qualifications. As used in this Bylaw, "vacant Director position" and "Director vacancy" do not include Director positions vacated due to an expired Director Term.

SECTION 4.10 Director Compensation

As allowed by Law and the Articles, the Cooperative may pay Directors a fixed fee and expenses, as determined in the Board's reasonable discretion, for attending any:

1. Board Meeting;
2. Function involving the Cooperative; or
3. Function reasonably enhancing the Director's ability to serve as a Director.

SECTION 4.11 - Close Relative

As used in these Bylaws, the term "close relative" means an individual who:

1. Is, either by blood, law, or marriage, including half, step, foster, and adoptive relations, a spouse, child, grandchild, parent, grandparent, or sibling; or
2. Principally resides in the same residence.

("Close Relative"). Any individual properly qualified and elected or appointed to any position does not become a Close Relative while serving in the position because of any marriage or legal action to which the individual was not a party.

ARTICLE V - BOARD MEETINGS AND DIRECTOR VOTING

SECTION 5.01 Regular Board Meetings

The Board shall regularly meet at the date, time, and location determined by the Board ("Regular Board Meeting"). Unless otherwise required by these Bylaws, the Board may hold Regular Board Meetings without notice. For good cause, the President may change the date, time, or location of any Regular Board Meeting.

Any Director not attending any Board Meeting at which the Regular Board Meeting date, time, or location is changed is entitled to receive notice of the Regular Board Meeting

change at least five (5) days before the next Regular Board Meeting. All Directors are entitled to receive notice of a President's change in a Regular Board Meeting date, time or location at least five (5) days before the changed Regular Board Meeting.

SECTION 5.02 Special Board Meeting

The Board, the President, or at least three (3) Directors may call a special meeting of the Board ("Special Board Meeting") by providing each Director at least five (5) days prior written notice indicating the date, time and location and purpose of the Special Board Meeting.

SECTION 5.03 Conduct of Board Meetings

Unless otherwise provided in these Bylaws, any Regular Board Meeting or Special Board Meeting ("Board Meeting") may be:

1. Held in anyone of the counties in Texas in which the Cooperative provides any Cooperative Service; and
2. Conducted with absent Directors participating, and deemed present in person, through any means of communication by which all Directors participating in the Board Meeting may simultaneously hear each other during the Board Meeting.

If a Director Quorum is present at any Board Meeting, then:

1. In descending priority, the following Officers may preside at the Board Meeting: President, Vice-President, Secretary, Treasurer; and
2. If no Officer is present, or desires, to preside over any Board Meeting then the directors attending the Board Member Meeting shall elect a Director to preside over the Board Meeting.

SECTION 5.04 Waiver of Board Meeting Notice

At any time, a Director may waive notice of any Board Meeting by delivering to the Cooperative a written waiver of notice signed by the Director and later filed with the Board Meeting minutes or the Cooperative's records. Unless a Director:

1. Upon arriving at a Board Meeting or prior to the vote on a particular matter, objects to lack of, or defective, notice of the Board Meeting or a matter being considered at the Board Meeting; and
2. Does not vote for, or assent to, an objected matter;

then the Director's attendance at, or participation in, a Board Meeting waives notice of the Board Meeting and any matter considered at the Board Meeting.

SECTION 5.05. Director Quorum and Voting

A quorum of Directors is a majority of the Directors in office present immediately before a Board Meeting begins ("Director Quorum"). If a Director Quorum is present at the time a matter is voted or acted upon, and unless the vote of a greater number of Directors is required, then the affirmative vote of a majority of Directors present is the act of the Board.

SECTION 5.06. Committees

The Board may create committees of the Board ("Board Committees") and appoint Directors to serve on the Board Committees. Each Board Committee must consist of two (2) or more Directors, and serves at the Board's Discretion. The Board may create committees of the Members ("Member Committees") and appoint Members, including Directors, to serve on the Member Committees.

1. Creation and Appointment of Committees. Except as otherwise provided in these Bylaws, at least a majority of Directors currently in office must approve the:

    a. Creation of any Board Committee or Member Committee;
    b. Appointment of Directors to any Board Committee; and
    c. Appointment of Members to any Member Committee.

2. Conduct of Committee Meetings. To the same extent as the Board and Directors, the Bylaws addressing Regular Board Meetings, Special Board Meetings, Conduct of Board Meetings, Waiver of Board Meeting Notice, and Director Quorum and Voting apply to Board Committees and Directors serving on Board Committees, and to Member Committees and Members serving on Member Committees.

3. Committee Authority. Except as prohibited or limited by Law, the Articles, or this Bylaw, the Board may authorize a Board Committee to exercise Board authority. Although a Board Committee may recommend, a Board Committee may not act, to:

    a. Retire and refund Capital Credits and Affiliated Capital Credits;
    b. Approve the Cooperative's Dissolution or merger, or the sale, pledge or Transfer of all, or substantially all, Cooperative Assets;
    c. Elect, appoint, or remove Directors, or fill any Board or Board Committee vacancy; or
    d. Adopt, amend, or repeal these Bylaws.

Member Committees may act as specified by the Board, but may not exercise Board authority.

SECTION 5.07 Board Executive Committee

Unless otherwise determined by the Board.

1. A Board executive committee is comprised of the President, Vice¬President, Secretary, and Treasurer (Board Executive Committee"); and
2. When impracticable or inconvenient for the Board to timely meet to consider a matter, and except as prohibited by Law, the Articles, or these Bylaws, the Board Executive Committee may exercise all Board authority regarding a matter.

The Board Executive Committee:

1. Is a Board Committee;
2. May exercise all Board authority granted by the Board and permitted by Law, the Articles, and these Bylaws; and
3. At the next Board Meeting following any exercise of Board authority, shall report to the Board regarding the Board Executive Committee's exercise of Board authority.

ARTICLE VI – OFFICERS

SECTION 6.01 Required Officers

The Cooperative must have the following officers: President, Vice President, Secretary, and Treasurer ("Required Officers"). The Board shall elect Required Officers:

1. At the first (1st) Regular Board Meeting following each Annual Member Meeting, or as soon after each Annual Member Meeting as reasonably possible and convenient;
2. By affirmative vote of a majority of Directors in office; and
3. By secret written ballot without prior nomination.

Only Directors may be elected, and serve, as a Required Officer. One (1) Director may simultaneously be Secretary and Treasurer. Unless allowed by Law, however, this Director may not execute, acknowledge, or verify any document in more than one (1) capacity.

Subject to removal by the Board, each Required Officer shall hold office until the Required Officer's successor is duly elected. The Board shall fill any vacant Required Officer's position for the remaining unexpired portion of the Required Officer's term.

SECTION 6.02 President

Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the President:

1. Shall preside, or designate another individual to preside, at all Board and Member Meetings;
2. On the Cooperative's behalf, may sign any document properly authorized or

approved by the Board or Members; and
3. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6.03 Vice-President

Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Vice-President:

1. Upon the President's death, absence, disability, or inability or refusal to act, shall perform the duties, and have the powers of the President; and
2. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6.04 Secretary

Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Secretary:

1. Shall be responsible for preparing minutes of Board and Member Meetings;
2. Shall be responsible for authenticating the Cooperative's records;
3. May affix the Cooperative's seal to any document authorized or approved by the Board or Members; and
4. Shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board.

SECTION 6.05 Treasurer

Unless otherwise determined by the Board, and unless otherwise required by Law, the Articles, or these Bylaws, the Treasurer shall perform all duties, shall have all responsibility, and may exercise all authority, prescribed by the Board.

SECTION 6.06 Other Officers

The Board may elect or appoint other officers, including a general manager ("Other Officers"). Other Officers:

1. May be Directors, Cooperative employees, or other individuals; provided, however, that the general manager may not be a director, or have served as a Director within the past two (2) years immediately prior to becoming the general manager.
2. Must be elected or appointed by the affirmative vote of a majority of current Directors;
3. May be elected by secret written ballot and without prior nomination;
4. May assist Required Officers; and

5. Shall perform all duties, shall have all responsibilities, and may exercise all authority, prescribed by the Board.

The same individual may simultaneously hold more than one (1) office. Unless allowed by Law, however, this individual may not execute, acknowledge, or verify any document in more than one (1) capacity.

SECTION 6.07 Officer Resignation and Removal

At any time, any Required Officer or Other Officer (Collectively, "Officer" or "Cooperative Officer") may resign by delivering to the Board an oral or written resignation. Unless the resignation specifies a later effective date, an Officer resignation is effective when received by the Board. If an Officer resignation is effective at a later date, then the Board may fill the vacant Officer position before the later effective date, but the successor Officer may not take office until the later effective date. At any time, the Board may remove any Officer with or without cause.

SECTION 6.08 Officer Contract Rights

The election or appointment of any Officer, by itself, does not create a contract between the Cooperative and the Officer. An Officer's resignation does not affect the Cooperative's contract rights, if any, with the Officer.

SECTION 6.09 Authority to Execute Documents

On the Cooperative's behalf, any two (2) Required Officers may sign, execute, and acknowledge any document properly authorized or approved by the Board or Members. The Board may authorize additional Cooperative Directors, Officers, employees, agents, or representatives to sign, execute, and acknowledge any document on the Cooperative's behalf.

SECTION 6.10 Officer Compensation

Unless otherwise provided in a Bylaw addressing Director compensation, reimbursement, or provision of benefits, and as determined by the Board, the Cooperative, may reasonably compensate, reimburse, or provide benefits, to any Officer.

SECTION 6.11 Bonds

At the Cooperative's expense, the Cooperative may purchase a bond covering any Cooperative Director, Officer, employee, agent or representative.

SECTION 6.12 Indemnification

As allowed by Law and the Articles, and as determined by the Board:

1. Indemnification Director or Officer. The Cooperative shall indemnify:

    a. An individual who is, or was, a Director or Officer; or any individual who, while a Director or Officer, is, or was, serving at the Cooperative's request as a director, officer, partner, trustee, employee, or agent of another foreign or domestic business or nonprofit corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise; or the estate or personal representative of such an individual (collectively, "Indemnification Director or Officer")
    b. Who was wholly successful, on the merits or otherwise, in defending any threatened, pending, or completed action, suit, or proceeding whether civil, criminal, administrative, or investigative, and whether formal or informal ("Indemnification Proceeding")
    c. To which the Indemnification Director or Officer was, is, or is threatened to be made a named defendant or respondent ("Indemnification Party")
    d. Because the Indemnification Director or Officer is, or was, a Director or Officer
    e. Against reasonable expenses, including counsel fees, ("Indemnification Expenses") actually incurred by the Indemnification Director or Officer in connection with the Indemnification Proceeding.

2. Indemnification Individual. The Cooperative may indemnify:

    a. An individual who is, or was, a Cooperative Director, Officer, employee, or agent ("Indemnification Individual")
    b. Made an Indemnification Party to any Indemnification Proceeding other than an Indemnification Proceeding:

        (i) By, or in the right of, the Cooperative in which the Indemnification Individual was adjudged liable to the Cooperative; or
        (ii) Charging, and in which the Indemnification Individual was adjudged liable for receiving, improper personal benefit to the Indemnification Individual, whether or not involving action in the Indemnification Individual's official capacity

because the Indemnification Individual is, or was, a Cooperative Director, Officer, employee, or agent

    c. Against reasonable Indemnification Expenses incurred in connection with an Indemnification Proceeding by, or in the right of, the Cooperative; or against the obligation to pay a judgment, settlement, penalty, fine, or reasonable expense,

including counsel fees, actually incurred in connection with any other Indemnification Proceeding

d. Incurred in the Indemnification Proceeding, if the Indemnification Individual:

(i) Acted in good faith;
(ii) Reasonably believed:

1. For conduct as a Cooperative Director, Officer, employee, or agent, that the Indemnification Individual's conduct was in the Cooperative's best interest; and
2. For all other conduct, that the Indemnification Individual's conduct was not opposed to the Cooperative's best interests; and

(iii) In the case of any criminal Indemnification Proceeding, had no reasonable cause to believe the Indemnification Individual's conduct was unlawful

(collectively, "Indemnification Standard of Conduct")

e. After a majority vote of the Director Quorum, excluding Directors currently Indemnification Parties to the Indemnification Proceeding ("Indemnification Director Quorum"), determines:

(i) that the Indemnification Individual met the Indemnification Standard of Conduct; and
(ii) Reasonable Indemnification Expenses.

3. Advance for Expenses. Prior to the final disposition of an Indemnification Proceeding, the Cooperative may pay for, or reimburse, the reasonable Indemnification Expenses incurred by an Indemnification Director or Officer who is an Indemnification party to the Indemnification Proceeding ("Indemnification Advance") if:

a. The Indemnification Director or Officer furnishes the Cooperative a written:

(i) Affirmation of the Indemnification Director's or Officer' good faith belief that the Indemnification Director or Officer has met the Indemnification Standard of Conduct; and
(ii) Unlimited general obligation of the Indemnification Director or Officer which:

1. Need not be secured;
2. May be accepted without reference to financial ability to repay;
3. May be executed personally or on the

Indemnification Director's or Officer's behalf; and

4. Obligate the Indemnification Director or Officer to repay the Indemnification Advance if a majority of the Indemnification Director Quorum ultimately determines that the Indemnification Director or Officer did not meet the Indemnification Standard of Conduct; and

b. A majority of the Indemnification Director Quorum determines that the facts then known to them would not preclude indemnification for the Indemnification Director or Officer under this Bylaw.

SECTION 6.13 Insurance

Regardless of any indemnification authority or requirements, the cooperative may purchase and maintain insurance on behalf of any individual who is, or was, a Cooperative Director, Officer, employee, agent or representative against any:

1. Liability, including judgment, settlement, or otherwise; or
2. Reasonable expenses, including reasonable attorney fees,

asserted against, or incurred by, the individual in the individual's capacity, or arising from the individual's status, as a Cooperative Director, Officer, employee, agent, or representative.

ARTICLE VII- COOPERATIVE OPERATION

SECTION 7.01 Non-profit and Cooperative Operation

The Cooperative:

1. Must operate on a non-profit basis;
2. Must operate on a cooperative basis for the mutual benefit of all Members; and
3. May not pay interest or dividends on Capital furnished by Patrons.

SECTION 7.02 Allocating and Crediting Capital

In operating the Cooperative:

1. Patron. A Cooperative patron is a:

   a. Member; or
   b. Non-Member Person who:

(i) Uses, receives or purchases any Cooperative service; and
(ii) Is entitled to an allocation of, and payment by credit to a Capital account for, Capital Credits and Affiliated Capital Credits

(collectively "Patron").

2. Capital Credits. Patrons shall furnish, and the Cooperative shall receive, as capital ("Capital") all funds and amounts received by the Cooperative from Patrons for the Cooperative's provision of a Cooperative service that exceed the Cooperative's costs and expenses of providing the Cooperative Service ("Operating Margins"). For each Cooperative Service, the Cooperative shall annually allocate to each Patron, and pay by credit to a Capital account for each Patron, Operating Margins from the Cooperative Service in proportion to the value or quantity of the Cooperative Service used, received, or purchased by each Patron during the applicable fiscal year ("Capital Credits").

3. Affiliated Capital Credits. The Cooperative may separately allocate and credit to Patrons capital allocated and credited to the Cooperative by any organization furnishing services, supplies, or products to the Cooperative ("Affiliated Credit Credits"):

   a. In proportion to the value or quantity of each service, supply, or product furnished by the organization that is used, received, or purchased by each Patron; and
   b. If the Cooperative determines, and separately identifies, the Affiliated Capital Credits.

4. Non-Operating Margins. Funds and amounts, other than Operating Margins, received by the cooperative that exceed the Cooperative's costs and expenses ("Non-Operating Margins") may be:

   a. Allocated as Capital Credits to patrons in the same manner as the Cooperative allocates Capital Credits to patrons; or
   b. Used by the Cooperative as permanent, non-allocated capital.

5. Special Right to Assign. Any Patron or former Patron may assign all or any portion of the Patron's Capital Credits and Affiliated Credits earned or credited or expected to be earned or credited in the future to the San Patricio Electric Educational Trust, a charitable tax exempt trust established by the Cooperative for the purpose of educational grants to present, active Member's families, effective as of the date of assignment, subject in all cases to the Cooperative's prior security interest for any amounts owed to the Cooperative by the Patron or former Patron.

6. Assignment and Notification. Unless otherwise determined by the Board or provided in these Bylaws, Capital Credits and Affiliated Capital Credits may be assigned only upon a patron:

    a. Delivering a written assignment to the Cooperative; and
    b. Complying with any other requirements reasonably determined by the Board.

The Cooperative shall annually notify each patron of the dollar amount of Capital Credits or Affiliated Capital Credits allocated or credited to the patron during the applicable fiscal year.

7. Joint Memberships. Upon the termination, conversion, or alteration of a Joint Membership, and upon the Cooperative receiving written notice and adequate proof of the Joint Membership termination, conversion, or alteration;

    For any Joint Membership:

    a. Terminated or converted through the death of one (1) Joint Member, the Cooperative shall re-allocate and re-credit to the surviving Joint Member all Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint membership; and
    b. Otherwise terminated or converted, and unless otherwise instructed by a court or administrative body of competent jurisdiction, the Cooperative shall re-allocate and re-credit to each Join Member one-half (1/2) of the. Capital Credits and Affiliated Capital Credits previously allocated and credited to the Joint Membership.

SECTION 7.03 Retiring and Refunding Capital Credits

At any time prior to the Cooperative's dissolution or liquidation;

1. The Board may authorize the Cooperative to, and the Cooperative shall, wholly or partially retire and refund Capital Credits to Patrons and former Patrons; or
2. After an organization furnishing services, supplies, or products to the Cooperative retires and refunds capital to the Cooperative, the Board may authorize the Cooperative to, and the Cooperative shall, retire and refund the corresponding Affiliated Capital Credits to Patrons and former Patrons.

The Board shall determine the manner and method of retiring and refunding Capital Credits and Affiliated Capital Credits.

Upon the Death of any natural person Patron or former Patron ("Deceased Patron"), and pursuant to a written request from the Deceased Patron's legal representative, the Board may retire the Deceased Patron's Capital Credits and Affiliated Capital Credits under

terms and conditions agreed upon by the Deceased Patron's legal representative and the Cooperative.

In a manner allowed by Law, to secure payment of any amounts owed by a Patron or former Patron to the Cooperative, including any reasonable compounded interest, and late payment fee, determined by the Board, the Cooperative has a perfected security interest in the Capital Credits and Affiliated Capital Credits of every Patron and former Patron. Before retiring and refunding any Capital Credits or Affiliated Capital Credits, the Cooperative may deduct from the Capital Credits or Affiliated Capital Credits any amounts owed to the Cooperative by the Patron or former Patron, including any reasonable compounded interest, and late payment fee, determined by the Board.

SECTION 7.04 Non-Member Patron and Non-Member Non-Patrons

As a condition of using, receiving, or purchasing any Cooperative Service, and unless otherwise determined by the Board:

1. To the same extent as Members, patrons who are not Members ("Non-Member Patrons") and Persons using, receiving, or purchasing any Cooperative Service who are neither Members nor patrons ("Non-Member Non-Patrons") shall abide by, and be bound to, all the duties, obligations, liabilities, and responsibilities imposed by the Governing Documents upon the Members;
2. Other than the rights to:

    a. Be allocated and paid by credit to a Capital account Capital Credits and Affiliated Capital Credits; and
    b. Receive retired and refunded Capital credits and Affiliated Capital Credits.

3. Non-Member Patrons and Non-Member former Patrons shall have none of the rights granted by the Governing Documents to Members; and
4. Non-Members Non-Patrons and Non-Member former patrons shall have none of the rights granted by the Governing Documents to Members.

SECTION 7.05 Reasonable Reserves

Based upon the Cooperative's reasonable needs, the Cooperative may accumulate and retain Operating Margins ("Reasonable Reserves"). As provided in these Bylaws, however, the Cooperative shall allocated and credit Reasonable Reserves as Capital Credits.

ARTICLE VIII- DISPOSITION OF COOPERATIVE ASSETS

SECTION 8.01 Disposition

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

1. Property which in the judgment of the Board of Directors neither is nor will be necessary or useful in operating and maintaining the Cooperative's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten percent (10%) of the value of all of the property of the Cooperative;
2. services of all kinds, including electric energy; and
3. personal property acquired for resale;

unless such sale, mortgage, lease, or other disposition or encumbrance is authorized at the meeting of the Members by an affirmative vote of at least three fourths (3/4) of the total membership of the Cooperative, and such affirmative votes of at least three fourths (3/4) of the total membership of the Cooperative must be cast at such Members Meeting by such Members in person, or, when the option is made available to Members, by mail or electronically, and 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 of the Cooperative, shall have full power and authority to borrow money 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 or encumbrancing of any or all of the property, assets, rights privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

SECTION 8.02 Consolidation

In a manner determined by the Board that is consistent with this Bylaw, the Cooperative may consolidate with any other entity incorporated under the same act as the Cooperative that provides any Cooperative Service ("Consolidate").

1. Board Approval. The Board must approve an agreement or plan to Consolidate or Merge ("Consolidation Agreement") stating the:

    a. Terms and conditions of the Consolidation;
    b. Name of each entity Consolidating with the Cooperative;
    c. Name of the new or surviving Consolidated entity ("New Entity");
    d. Manner and basis, if any, of converting memberships, or ownership rights, of each Consolidating entity into memberships or ownership rights of, or payments from, the New Entity;
    e. Number of directors of the New Entity, which must equal or exceed

three (3);
f. Date of the New Entity's annual meeting;
g. Names of the New Entity directors who will serve until the New Entity's first annual meeting; and
h. Any other information required by law.

2. Member Approval. After the Board approves a Consolidation Agreement, a majority of the Members present and voting in person or, when the option is made available to Members, by mail or electronically, at a Regular or Special Meeting of Members called for that purpose must approve the Consolidation Agreement.

3. Notice. The Cooperative shall notify Directors of any Board meeting, and Members of any Member Meeting, at which Directors or Members may consider a Consolidation Agreement. This notice must contain, or be accompanied by, a summary or copy of the Consolidation Agreement.

4. Other Requirements. The New Entity directors named in the Consolidation Agreement must sign and file articles of incorporation in a manner, and stating the information, required by Law. The Cooperative shall comply with all other requirements for Consolidation specified by Law.

SECTION 8.03 Distribution of Cooperative Assets Upon Dissolution

Upon the Cooperative's dissolution:

1. The Cooperative shall pay, satisfy, or discharge all Cooperative debts, obligations, and liabilities, including retiring and refunding without priority all Capital Credits and Affiliated Capital Credits to all Patrons and former Patrons in proportion to the value or quantity of Cooperative Services used, received, or purchased by each patron or former Patron; and
2. After paying, satisfying, or discharging all Cooperative debts, obligations, and liabilities, and remaining Cooperative Assets shall be distributed pro-rata to the Members of the Cooperative who were Members when the certificate of dissolution was filed.

ARTICLE IX – MISCELLANEOUS

SECTION 9.01 Bylaw Amendments

Unless otherwise provided in these Bylaws, these Bylaws may be adopted, amended, or repealed ("Amended") by the affirmative vote of a majority of current Directors.

SECTION 9.02 Rules of Order

Unless the Board determines otherwise, and to the extent consistent with Law, the Articles, and these Bylaws, all;

1. Member Meetings;
2. Board Meetings;
3. Member Committee Meetings; and
4. Board Committee meetings

are governed by the latest edition of Robert's Rules of Order.

SECTION 9.03 Fiscal Year

The Board shall determine, and may modify, the Cooperative's fiscal year.

SECTION 9.04 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.

SECTION 9.05 Governing Law

These Bylaws must be governed by, and interpreted under, the laws of the state in which the Cooperative is incorporated.

SECTION 9.06 Titles and Headings

All titles and headings of Bylaw articles, sections, and subsection are for convenience and reference only, and do not affect the interpretation of any Bylaw article, section, or sub-section.

SECTION 9.07 Partial Invalidity

When reasonably possible, every Bylaw article, section, sub-section, paragraph, sentence, clause, or provision (collectively, "Bylaw Provision") must be interpreted in a manner by which the Bylaw Provision is valid. The invalidation of any Bylaw Provision by any entity possessing proper jurisdiction and authority, which does not alter the fundamental rights, duties, and relationship between the Cooperative and Members, does not invalidate the remaining Bylaw Provisions.

SECTION 9.08 Cumulative Remedies

The rights and remedies provided in these Bylaws are cumulative. The Cooperative or any Member asserting any right or remedy provided in these Bylaws does not preclude the Cooperative or Member from asserting other rights or remedies provided in these Bylaws.

SECTION 9.09 Entire Agreement

Between the Cooperative and any Member the Governing Documents:

1. Constitute the entire agreement; and
2. Supersede and replace any prior or contemporaneous oral or written communication or representation.

SECTION 9.10 Successors and Assigns

To the extent allowed by Law:

1. The duties, obligations, and liabilities imposed upon the Cooperative or any Member by these Bylaws are binding upon the successors and assigns of the Cooperative or Member; and
2. the rights granted to the Cooperative by these Bylaws inure to the benefit of the Cooperative's successors and assigns.

The binding nature of the duties, obligations, and liabilities imposed by these Bylaws upon the successors and assigns of the Cooperative and any Member does not relieve the Cooperative or Member of the duties, obligations, and liabilities imposed by these Bylaws upon the Cooperative or Member.

SECTION 9.11 Waiver

The failure of the Cooperative to assert any right or remedy provided in these Bylaws does not waive the right or remedy provided in these Bylaws.

SECTION 9.12 Lack of Notice

To the extent allowed by Law and the Articles, the failure of any Member or Director to receive notice of any Meeting, action, or vote does not affect, or invalidate, any action or vote taken by the Members or Board.

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