

# TRI-COUNTY

## Electric Cooperative, Inc.

600 N. W. Parkway, Azle, Tx 76020

# BY-LAWS

As  
Reprinted  
December 21, 2016



### ***"A Commitment to Service and Savings"***

*TRI-COUNTY Electric Cooperative exists to serve the changing needs of its members by improving their quality of life, by actively supporting community development, and by identifying and serving the Members' energy needs.*

## **ARTICLE I MEMBERSHIP**

**Section 1.** Requirements for Membership. Any person, firm, association, corporation, or body politic or subdivision thereof will become a member of Tri-County Electric Cooperative, upon receipt of electric service from the Cooperative, provided that he/she or it has first:

- (a) Agreed to purchase from the Cooperative electric energy as hereinafter specified.
- (b) Agreed to comply with and be bound by the Articles of Incorporation and By-Laws and all rules and regulations of the Cooperative and any subsequent amendments thereto as well as any and all rules and regulations adopted by the Board, and
- (c) Paid the membership fee hereinafter specified.
- (d) The term "Member" as used in these By-Laws shall be deemed to include a husband and wife holding a joint membership and any provisions relating to the rights and liabilities of membership shall apply equally to each. Without limiting the generality of the foregoing, the effect of the hereinafter specified actions by or in respect of the holders of a membership shall be as follows:
  - (1) The presence at a meeting of either or both shall be regarded as the presence of one member and shall constitute a joint waiver of notice of the meeting;
  - (2) The vote of either separately or both jointly shall constitute one joint vote; provided, however, the husband or wife in addition to voting, the membership may, as an officer of a corporation vote the membership of the corporation and/or if dually authorized by a resolution, vote the membership of a church, community center or body politic.
  - (3) A waiver of notice signed by either or both shall constitute a joint waiver;
  - (4) Notice to either shall constitute notice to both;
  - (5) Expulsion of either shall terminate the membership;
  - (6) Withdrawal of either shall terminate the membership;

- (7) Either, but not both, may be elected or appointed as an officer or board member, provided that both meet the qualifications of such office.

Upon the death of either spouse who is a party to the joint membership, such membership shall be held solely by the survivor. The estate of the deceased shall not be released from any debts due the Cooperative.

No member may hold more than one membership in the Cooperative, and no membership in the Cooperative shall be transferable.

**Section 2. Membership Applications.** Membership in the Cooperative shall be evidenced by a membership application which shall be in such form and shall contain such provisions as shall be determined by the Board of Directors of the Cooperative. No membership application shall be accepted for less than the membership fee fixed as determined by the Board of Directors, nor until such membership fee has been fully paid.

**Section 3. Membership Fees.** The membership fee shall be set by the Board of Directors. The membership fee shall be as fixed from time to time by the Board of Directors. The membership fee (together with any service security deposit, service connection deposit or fee, facilities extension deposit, contribution in aid of construction or any combination thereof, if required by the Cooperative) shall entitle the member to one service connection. A service connection deposit or fee, in such amount as shall be prescribed by the Cooperative (together with a service security deposit, a facilities extension deposit or a contribution in the aid to construction or any combination thereof, if required by the Cooperative), shall be paid by the member for each additional service connection requested by him/her.

**Section 4. Purchase Of Electric Energy.** Each member shall, as soon as electric energy shall be available,

purchase from the Cooperative all electric energy purchased for use on the premises specified in his/her application for membership, and shall pay therefor at the rates which shall from time to time be fixed by the Board. It is expressly understood that the 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 By-Laws. Each member shall pay to the Cooperative such minimum amount regardless of the amount of electric energy consumed as shall be fixed by the Board from time to time. Each member shall also pay all amounts owed by him/her to the Cooperative as and when the same shall become due and payable. The Cooperative shall make all reasonable efforts to furnish its members with adequate and dependable electric service, although it cannot and therefore does not guarantee a continuous and uninterrupted supply thereof.

**Section 5. Wiring Of Premises: Responsibility For Meter Tampering Or Bypassing And For Damage To Cooperative Properties: Extent Of Cooperative Responsibilities: Indemnification.** Each member shall cause all premises receiving electric service pursuant to his membership to become and to remain wired in accordance with the specifications of the Texas Fire Insurance Underwriters Association, The National Electrical Code, any applicable state code or local government ordinances, and the Cooperative. Each member shall be responsible for and shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting from any defect in or improper use or maintenance of such premises and all wiring and apparatuses connected thereto or used thereon. Each member shall make available to the Cooperative a suitable site, as determined by the Cooperative, whereon to place the Cooperative's physical facilities for the furnishing and metering of electric service and shall permit the Cooperative's authorized employees, agents and independent contractors to have access thereto safely and without interference from hostile dogs or any other

hostile source for meter reading, and for inspection, maintenance, replacement, relocation, repair or disconnection of such facilities at all reasonable times. Each member shall also provide such protective devices to his premises, apparatuses or meter base as the Cooperative shall from time to time require in order to protect the Cooperative's physical facilities and their operation and to prevent any interference with or damage to such facilities. In the event such facilities are interfered with, impaired in their operation or damaged by the member, or by any other person when the member's reasonable care and surveillance should have prevented such, the member shall indemnify the Cooperative and its employees, agents and independent contractors against death, injury, loss or damage resulting therefrom, including but not limited to the Cooperative's cost of repairing, replacing or relocating any such facilities and its loss, if any, of revenues resulting from the failure or defective functioning of its metering equipment. The Cooperative shall, however, in accordance with its applicable service rules and regulations, indemnify the member for any overcharges for service that may result from a malfunctioning of its metering equipment or any error occurring in the Cooperative's billing procedures. In no event shall the responsibility of the Cooperative for furnishing electric service extend beyond the point of delivery.

**Section 6. Member To Grant Easements To Cooperative And To Participate In Required Cooperative Load Management Programs.** Each member shall, upon being requested to do so by the Cooperative, execute and deliver to the Cooperative grants of easement or right-of-way over, on and under such lands owned or leased by or mortgaged to the member, and in accordance with such reasonable terms and conditions, 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.

### **Section 7. Termination Of Membership**

- (a) Any member may withdraw from the membership upon compliance with such uniform terms and conditions as the Board may prescribe. The Board may, by the affirmative vote of not less than two-thirds of the members of the Board, expel any member who fails to comply with any of the provisions of the Articles of Incorporation, By-Laws, or rules and regulations adopted by the Board, but only if such member shall have been given written notice by the Cooperative that such failure makes him/her liable to expulsion and such failure shall have continued for at least ten days after such notice was given. Any expelled member may be reinstated by vote of the Board or by vote of the members at any annual or special meeting. The membership of a member who for a period of six (6) months after service is available to him/her has not purchased electric energy from the Cooperative, or of a member who has ceased to purchase energy from the Cooperative may be canceled and the fee returned to him/her.
- (b) Upon the withdrawal, death, cessation of existence or expulsion of a member, the membership of such member shall thereupon terminate. Termination of membership in any manner shall not release a member or his/her estate from any debts due the Cooperative.
- (c) In case of withdrawal or termination of membership in any manner, the Cooperative shall repay to the member the amount of the membership fee paid by him/her, provided, however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owed by the member to the Cooperative.
- (d) The death of an individual human member shall automatically terminate his membership. The cessation of the legal existence of any other type of member shall automatically terminate such membership; PROVIDED, that upon the dissolution for any reason of a partnership, or upon the death, withdrawal or addition of any individual partner, such membership shall continue to be held by such remaining and/or new partner or partners as

continue to own or directly to occupy or use the premises being furnished electric service pursuant to such membership in the same manner and to the same affect as though such membership had never been held by different partners; PROVIDED FURTHER, that neither a withdrawing partner nor his estate shall be released from any debts then due the Cooperative.

- (e) Effect Of Death, Legal Separation Or Divorce Upon A Joint Membership. Upon the death of either spouse of a joint membership, such membership shall continue to be held solely by the survivor, in the same manner and to the same affect as though such membership had never been joint; PROVIDED, that the estate of the deceased spouse shall not be released from any debts due the Cooperative. Upon the legal separation or divorce of the holders of a joint membership, such membership shall continue to be held solely by the one who continues directly to occupy or use the premises covered by such membership in the same manner and to the same effect as though such membership had never been joint; PROVIDED, that the other spouse shall not be released from any debts due the Cooperative.

## **ARTICLE II RIGHTS AND LIABILITIES OF MEMBERS**

### **Section 1. Property Interest Of Members.**

Upon dissolution, after

- (a) All debts and liabilities of the Cooperative shall have been paid, and
- (b) All capital furnished through patronage shall have been retired as provided in these By-Laws, the remaining property and assets of the Cooperative shall be distributed among the members and former members in the proportion which the aggregate patronage of each bears to the total patronage of all members during the ten years next preceding the date of the filing of the certificate of dissolution.

**Section 2. Non-Liability For Debts Of The Cooperative.**

The private property of the members shall be exempt from the execution or other liabilities for the debts of the Cooperative and no member shall be liable or responsible for any debts or liabilities of the Cooperative.

**ARTICLE III  
MEETING OF MEMBERS**

**Section 1. Annual Meeting.** The annual meeting of the members shall be held each year at such time and place within a county served by the Cooperative and shall be designated by the Board of Directors, and which shall be designated in the notice of the meeting, for the purpose of electing board members, passing upon reports for the previous fiscal year, and transacting such other business as may come before the meeting. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for the annual meeting. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

**Section 2. Special Meetings.** Special meetings of the members may be called by resolution of the Board of Directors, or upon a written request signed by any three members of the Board of Directors, by the President, or by ten per centum or more of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within one of the counties served by the Cooperative, and at such date and hour as may be designated by the Board of Directors and shall be specified in the notice of the special meeting. Provided further that if such meeting is for the purpose of the removal of the majority of the Board of Directors, then such meeting shall be held in Weatherford, Parker County, Texas. Provided further that if the special meeting is called for the purpose of the removal of one director only the place of the meeting shall be within the boundaries of the district for which the director is serving.

**Section 3. Notice Of Member's Meetings.** 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 days nor more than thirty days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or upon a default in duty by the Secretary, 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. Notice of an annual meeting or special meeting of the members shall not invalidate any actions which may be taken by the members at any such meeting. Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter, if any.

**Section 4. Quorum.** Business may not be transacted at any meeting of the members unless there are present in person and by proxy at least 5 per centum (5%) of the Cooperative's members, except that, if less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting.

**Section 5. Voting.** Each member shall be entitled to one vote and no more on each matter submitted to a vote at each 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, except as otherwise provided by law, these Articles of Incorporation of the Cooperative, or these By-Laws. Voting by proxy and mail-in ballots may be authorized by Board resolution adopted upon the affirmative vote of 2/3 of the Board. Notwithstanding the foregoing provisions of this Section, whenever a member is absent from a meeting of the members but whose spouse attends such meeting, such spouse shall be deemed to hold, and may exercise and vote.

**Section 6. Order of Business.** The Board shall determine the agenda and order of business for Member Meetings.

## **ARTICLE IV DIRECTORS**

**Section 1. General Powers.** The business and affairs of the Cooperative shall be managed by a board of directors of (8) members which shall exercise all of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these By-Laws conferred upon or reserved to the members.

**Section 2. Districts.** Until otherwise ordered by the Board of Directors, the territory served or to be served by the Cooperative shall be divided into eight (8) districts, which said districts shall be numbered 1, 3, 4, 5, 6, 8, 9, and 10. Each district shall be entitled to one (1) director. The area covered by each district may be reviewed by the Board of Directors at any time and the boundary line of such areas may be changed from time to time by order of the Board of Directors.

**Section 3. Qualifications.** To be eligible to become or remain a director of the Cooperative, a person must:

- (a) Be a member of Tri-County Electric Cooperative, Inc. actually receiving service therefrom at his primary residential abode and reside within the district which such director is elected to represent.
- (b) Not be in any way employed by or financially interested in any competing enterprise selling electrical energy or any service provided by the Cooperative or its affiliates.
- (c) No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative; provided, however, this provision shall not prohibit the eligibility of a close relative of an incumbent director from seeking or from serving in such director's position.

- (d) Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.
- (e) Not be an employee, or spouse of an employee of the Cooperative, or former employee, or spouse of a former employee, who was employed by the Cooperative at any time within 9 years preceding the particular date set for election of directors.
- (f) No person shall take or hold any elected position which includes national, state, county or city public office. School Board members and County Commissioners shall be excluded and are eligible to serve.

**Section 4. Election and Tenure.** The persons named as directors in the Articles of Incorporation of the Cooperative shall compose the Board of Directors until the first annual meeting or until their successors shall have been elected and shall have qualified. At the annual meeting of the members beginning with the year 1952, directors shall be elected by ballot by and from the members. The directors elected from Districts no. 2, 5, 9 and 10 shall serve for a term of one (1) year or until their successors shall have been elected and shall have qualified; the directors from District No. 1, and 4 shall be elected for a period of two (2) years or until their successors shall have been elected and qualified; and the directors from Districts No. 3, 6, and 8 shall be elected for a period of three (3) years or until their successors shall have been elected and shall have qualified. The term of office of all directors elected after the annual meeting in 1952 shall be for a period of three (3) years in the manner provided in the By-Laws and upon qualification shall hold office for a three (3) year term or until their successors shall have been elected and qualified, subject to the provisions of these By-Laws with respect to the removal of directors.

**Section 5. Nomination By Districts.** For all annual meetings, directors shall be elected from those districts only whose directors' term expire during that year, which said directors shall be nominated and elected in accordance with the following provisions: Not less than thirty (30) nor

more than ninety (90) days before the annual meeting of the members for the election of the officers, the Board of Directors shall call a separate meeting or meetings of the members of each district whose directors' term expire during that year, at a suitable place in such district for the purpose of nominating by vote of those present at such district meeting, a person for director of the corporation. Notice of each district meeting of members shall be given by the Secretary, mailing to each member within each district so nominating a director, a written notice stating the place, day and hour, and the purpose of such meeting. Such district meetings shall be open for discussion of any other matters pertaining to the business of the Cooperative, regardless of whether or not such matters were listed in the notice of the meeting, and recommendations with respect thereto may be submitted to the Board of Directors.

The district meeting in each of such districts shall be called to order by a chairman who shall be selected prior to such meeting by the Board of Directors, or in his/her absence the members shall proceed to elect a chairman, who shall be someone other than a director, and the chairman of such district meeting shall appoint a secretary to act for the duration of the meeting. Three percent (3%) of the members in a district being present at such duly called district meeting shall constitute a quorum; but in the event a quorum is not present at such meeting, the director then serving such district shall be the official nominee for such district. Nominations for director shall be made from the floor at the meeting, and any member residing in the district shall have the right to nominate one candidate. The meeting shall remain open for nominations until further nominations are forthcoming, but in no case more than five (5) minutes.

Voting shall be by ballot, and proxy voting shall not be permitted at any district meeting. The chairman shall require each person who presents himself/herself to vote to show his/her registration card or other evidence that he/she is actually a member of the Cooperative. Each member present may vote for a nominee as above provided

for each district. The candidate receiving the highest number of votes (plurality) shall be the official nominee for the district for director unless the members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this By-Law provision shall be drawn to the attention of the members and explained to them prior to any balloting. Drawing by lot shall resolve, where necessary, any tie votes. The minutes of such district meeting shall set forth, among other matters, the names of the persons nominated at the meeting and the number of votes received by each, and shall certify the nominee receiving the highest number of votes as the official nominee of the district for director. A certified copy of the minutes, signed by the secretary and the chairman of the district meeting, shall be delivered to the secretary of the Cooperative within five (5) days after such district meeting.

The secretary shall mail with the notice of the annual meeting of the members for election of directors, or separately, but at least ten (10) days prior to the annual meeting, a statement of the number of directors to be elected and showing separately the nominations made by the respective districts. No additional nominations may be made. The members may, at any meeting at which a director shall be removed as provided in these By-Laws, elect a successor or successors thereto without compliance with the foregoing provisions with respect to nominations provided, however, that any such successor must reside in the same district as the director in respect of whom the vacancy occurs. Notwithstanding anything herein contained, failure to comply with any of the provisions of this subsection shall not affect in any manner whatsoever the validity of any election of directors.

**Section 6. Election Of Directors.** At all meetings of the members at which a quorum is present in person or by proxy the election of directors shall be viva voce (voice) or by show of hands.

**Section 7. Removal Of Board Member By Members.**

Any member may bring charges against a board member and, by filing with the Secretary such charges in writing together with a petition signed by at least ten per centum (10%) of the members, may request the removal of such board member by reason thereof. Such board member shall be informed in writing of the charges at least ten days prior to the meeting of the members at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him/her shall have the same opportunity. The questions of the removal of such board member shall be considered and voted upon at the meeting of the members and a vacancy created by such removal may be filled by vote of the members without compliance with the foregoing provisions with respect to nominations. Any such meeting shall be governed by the provisions of these By-Laws pertaining to special meetings of the members.

**Section 8. Removal Of Board Member For Cause And/Or Absence From Meetings.**

Upon establishment of the fact that a Board member is holding the office in violation of any of the foregoing provisions, the Board shall remove such Board member from Office by a two-thirds (2/3) majority vote. If a director is removed for cause or any fact is found that disqualified that person then he/she shall be removed at the expiration of his/her then current term by a two-thirds (2/3) majority vote of the Board. Any director who is absent from three (3) consecutive meetings of the Board of Directors without excuse satisfactory to said Board shall be deemed to have surrendered his/her office as a director. A majority vote of said Board shall determine the validity of said excuse.

**Section 9. Vacancies.**

Subject to the provisions of these By-Laws with respect to the removal of directors vacancies occurring in the Board of Directors may be filled by a majority vote of the remaining directors, and directors thus elected shall serve for the unexpired term of the director he/

she is appointed to replace.

**Section 10. Compensation.** Directors as such shall receive no salary for their services, however, by resolution of the Board of Directors a fixed per diem per day or meeting plus expenses of attendance, if any, plus insurance, upon the same terms and conditions as the employee's program, may be allowed for attendance at each meeting of the Board of Directors or other meetings. Except in emergencies, 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 such compensation shall be specifically authorized by a vote of the members of the Board of Directors. The Cooperative shall indemnify present and former directors, officers, including the General Manager (or, if so titled, the Executive Vice President) agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgement in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

## **ARTICLE V MEETING OF BOARD**

**Section 1. Regular Meetings.** A regular meeting of the Board of Directors shall be held as soon after the annual meeting of the members as possible, for the purpose of electing officers of the Cooperative for the ensuing year. A regular meeting of the Board of Directors shall also be held monthly at such time and place within one of the counties served by the Cooperative as designated by the Board, such regular monthly meeting may be held without notice other than such resolution fixing the time and place thereof.

**Section 2. Special Meetings.** Special meetings of the Board may be called by the President or by any three board members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. The President or board members calling the meeting shall fix the time and place for the holding of the meeting.

**Section 3. Notice Of Board Meetings.** 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, except in cases of emergency, by written notice delivered at his/her last known address, or by personal or telephone contact. 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 business because the meeting shall have not been lawfully called or convened.

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

The act of the of the directors present at a meeting at which a quorum is present shall be the act of the Board, except as otherwise provided in these By-Laws. A director who by law or these By-Laws is disqualified from voting on a particular matter shall not, with respect to consideration of and action upon that matter, be counted in determining the number of directors in office or present.

## **ARTICLE VI OFFICERS**

**Section 1. Number.** The officers of the Cooperative shall be a president, a vice president, secretary, treasurer, and such other officers as may be determined by the Board 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 annually, by and from the Board at the meeting of the Board held after the annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board following the next succeeding annual meeting of the members, or until his/her successor shall have been elected and qualified. A vacancy in any office shall be filled by the Board for the unexpired portion of the term.

**Section 3. Removal Of Officers And Agents By The Board.** Any officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgement the best interest of the Cooperative will be served thereby.

**Section 4. President.** The President shall:

- (a) Be the principal executive officer of the Cooperative and, unless otherwise determined by the members of the Board, shall preside at all meetings of the members and the Board;
- (b) Sign, with the Secretary, any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board, to be executed, except in cases in which the signing and execution thereof shall be expressly delegated by the Board or by these By-Laws to some other officer or agent of the Cooperative, or shall be required by law to be otherwise signed or executed; and

- (c) In general perform all duties incident to the office of the President and such other duties as may be prescribed by the Board from time to time.

**Section 5. Vice President.** In the absence of the President, or in the event of his/her inability or refusal to act, the Vice President shall perform the duties of the President, and when so acting, shall have all the powers of and be subject to all the restrictions upon the President, and shall perform such other duties as from time to time may be assigned to him/her by the Board of Directors.

**Section 6. Secretary.** The Secretary shall:

- (a) See that the minutes of the meetings of the members and the Board of Directors are kept in one or more books provided for that purpose;
- (b) See that all notices are duly given in accordance with these By-Laws or as required by law;
- (c) Be responsible for the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed 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 By-Laws.
- (d) Supervise the keeping of a register of the post office address of each member which shall be furnished to the Secretary by such member;
- (e) See that the Cooperative keeps on file at all times a complete copy of the By-Laws of the Cooperative, containing all amendments thereto, which copy shall always be open to the inspection of any member, and at the expense of the Cooperative, forward a copy of these By-Laws and of amendments thereto upon request to each member; and
- (f) 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/her by the Board of Directors.

**Section 7. 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 By-Laws; 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/her by the Board of Directors.

**Section 8. Manager.** The Board of Directors may appoint a manager who may be, but 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/her and shall have such authority as the Board of Directors may from time to time vest in him/her.

**Section 9. 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 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 other officers, agent or employee of the Cooperative to give bond in such amount and with surety as it shall determine.

**Section 10. Compensation.** Officers as such shall receive no salary for their service, however, by resolution of the Board of Directors a fixed per diem per day or meeting, plus expenses of attendance, if any, plus insurance, upon the same terms and conditions as the employee's program, may be allowed for attendance at each meeting of the Board of Directors or other meetings. Except in emergencies, no officer shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a officer receive compensation for serving the Cooperative, unless such compensation shall be specifically authorized by a vote of

the members of the Board of Directors. The Cooperative shall indemnify present and former directors, officers, including the General Manager (or, if so titled, the Executive Vice President) agents and employees against liability to the extent that their acts or omissions constituting the grounds for alleged liability were performed in their official capacity and, if actionable at all, were based upon good faith business judgement in the belief the acts or omissions were in the best interests of the Cooperative or were not against the best interests of the Cooperative. The Cooperative may purchase insurance to cover such indemnification.

**Section 11. 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 year. Such reports shall set forth the condition of the Cooperative at the close of such fiscal year.

## **ARTICLE VII NON-PROFIT OPERATION**

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

**Section 2. Patronage Capital In Connection With Furnishing Electric Energy.** 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 insure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons for all amounts received and receivable from the furnishing of electric energy in excess of operating costs and expenses properly chargeable against the furnishing of electric energy. All such amounts in excess of operating costs and expenses at the amount 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 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 so credited to his/her account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had furnished the Cooperative corresponding amounts for capital.

All other amounts received by the Cooperative from its operations in excess of costs and expenses shall, insofar as permitted by law, be (a) used to offset any losses incurred during the current or any prior fiscal year and (b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

When such retirements of capital are made to the members, the Cooperative shall be obligated to pay to each member or former member his/her share of the capital so retired in accordance with these By-Laws in the following manner: For active members with capital credit balances owed of \$150.00 or less, the Cooperative shall have the capital credit balance owed to the member credited to the members account. For active members with a capital credit balances owed of \$150.01 or greater, and inactive members for which the Cooperative maintains a valid address, the Cooperative shall issue checks therefore and mail same to such members and former members at their last known address.

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 pro rata 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, the capital then credited to patrons' accounts may be retired in full or in part. The amount, method, basis, order and priority of any retirement of capital credits will be made at the discretion of the Board of Directors. Notwithstanding any other provision of these bylaws regarding the method, basis, priority and order of retirement of capital credits, the Board may consider, offer and/or negotiate the retirement of amounts furnished as capital at a discount. In no event, however, shall capital credits be retired if such retirement would violate any applicable law or regulation, or if such retirement would breach any provision of any mortgage or loan contract executed by the Cooperative.

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

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

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

**Section 3. Patronage Refunds In Connection With Furnishing Other Services.** In the event that the Cooperative should engage in the business of furnishing goods and services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods and services shall, insofar as permitted by law, be prorated and allocated annually on a patronage basis and returned to those patrons, members and non-members alike, from whom such amounts were obtained.

## **ARTICLE VIII DISPOSITION OF PROPERTY**

The Cooperative may not sell, lease, lease-sell, exchange, transfer or otherwise dispose of all or substantially all of the Cooperative's property unless such sale, lease, lease-sale, exchange, transfer or other disposition is authorized at a meeting of the members thereof by the affirmative vote of not less than two-thirds (2/3) of all of the members of the Cooperative and unless the notice of such proposed sale, lease, lease-sale, exchange, transfer or other disposition shall have been contained in the notice of the meeting; provided however, that notwithstanding anything herein contained, the Board of the Cooperative, without authorization by the member thereof, shall have full power and authority to borrow monies from any source and to

authorize the execution and delivery of a mortgage or mortgages or a deed or deeds of trust upon, or the pledging or encumbering of, any or all of the Cooperative's property and assets, whether acquired or to be acquired, as well as the revenues and income therefrom, all upon such terms and conditions as the board shall determine, to secure any indebtedness of the Cooperative, provided further that the Board may, upon the authorization of a majority of the members of the Cooperative at which a quorum is present as provided in Section 1 of Article IX of the Articles of Incorporation, sell, lease or otherwise dispose of all or any portion of its property to, or merge or combine with another corporation doing business in this State pursuant to the act under which this corporation is incorporated.

#### **ARTICLE IX SEAL**

The corporate seal of the Cooperative shall have inscribed thereon the name of the Cooperative and the words "Corporate Seal, Texas."

#### **ARTICLE X FINANCIAL TRANSACTIONS**

**Section 1. Contracts.** Except as otherwise provided in these By-Laws, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name and on the 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 evidences of indebtedness issued in the name of the Cooperative shall be signed and/or countersigned by such officer or officers, agent or agents, employee or employees of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board.

**Section 3. Deposits.** All funds except petty cash of the Cooperative shall be deposited in such bank or banks as the Board of Directors may select.

**Section 4. Fiscal Year.** The fiscal year of the Cooperative shall begin the first day of April of each year and shall end on the thirty first day of March of the following year.

## **ARTICLE XI MISCELLANEOUS**

**Section 1. Membership In Other Organizations.** The Cooperative shall not become a member of or purchase stock in any other organization without the 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, purchase stock in or become a member of any corporation or organization organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification.

**Section 2. Waiver Of Notice.** Any member or board member may waive in writing any notice of a meeting to be given by these By-Laws. The attendance of a member or board member at any meeting shall constitute a waiver of notice of such meeting by such member or board member, except in case a member or board member shall attend a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

**Section 3. Policies, Rules And Regulations.** The Board shall have power to make and adopt such policies, rules and regulations, not inconsistent with law, the Articles of Incorporation or these By-Laws, as it may be deemed advisable for the management of the business affairs of the Cooperative.

**Section 4. Accounting System And Reports.** The Board shall cause to be established and maintained a

complete accounting system which, among other things, and subject to applicable laws and rules and regulations of any regulatory body. The Board shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of each fiscal year. A report of such audit shall be submitted to the members at the next following annual meeting.

**Section 5. Area Coverage.** The Board shall make diligent effort to see that electric service is extended to all unserved persons within the Cooperative area who desire such service and meet all reasonable requirements established by the Cooperative as a condition of such service.

## **ARTICLE XII AMENDMENTS**

These By-Laws may be altered, amended or repealed by not less than the affirmative vote of two-thirds (2/3) of all the Board of Directors at any regular or special meeting.  
Revised and Approved: December 21, 2016.



