

SECTION II

BYLAWS

OF

**BAILEY COUNTY ELECTRIC
COOPERATIVE ASSOCIATION**

BAILEY COUNTY ELECTRIC COOPERATIVE ASSOCIATION
305 East Avenue B
MULESHOE, TEXAS 79347

BYLAWS

The aim of Bailey County Electric Cooperative Association (hereinafter called the "Cooperative") is to make electric energy available to its members at the lowest cost consistent with sound economy and good management.

ARTICLE I

MEMBERS

SECTION 1. "QUALIFICATIONS AND OBLIGATIONS"

Any person, firm, corporation or body politic may become a member in the Cooperative by:

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

Provided, however, that no corporation which shall become a member, shall be allowed a vote if said vote would indirectly violate Article II, Section 5, "Each member shall be entitled to one vote and no more".

Provided, further, that no person, firm, corporation, or body politic shall become a member unless, and until, he or it has been accepted for membership by the Board of Directors or the members. At each meeting of the members held subsequent to the expiration of a period of six (6) months from the date of incorporation of the Cooperative, all applications received more than ninety (90) days prior to such meeting and which have not been accepted by the Board of Directors shall be submitted by the Board of Directors to such meeting of the members and, subject to compliance by the applicant with the conditions set forth in subdivisions (a), (b) and (c) of this section, such application for membership may be accepted by a vote of the members at such meeting. The Secretary shall give any such applicant at least ten (10) days' prior notice of the date of the members' meeting to which his application will be submitted and such applicant may be present and heard at said meeting. No person, firm, corporation, or body politic may own more than one (1) membership in the Cooperative.

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

Amended: Vol.XXXI, 3/16/87, 2

Section 2. "MEMBERSHIP FEE"

The membership fee shall be \$5.00, which shall entitle the member to one or more service connections. Applicants whose financial responsibility is not a matter of general knowledge may be required to make advance payments -- the amount to be determined from the expected monthly or annual charges. The Cooperative, in order to safeguard its interest, may require an applicant or a member to make a suitable deposit to be held by the Cooperative as a guarantee of the payment of charges. The fact that a deposit has been made in no way relieves the applicant or member from complying with the Cooperative's regulations as to advance payments and the prompt payment of bills on presentation. At such time as the contract(s) is terminated, the amount of the deposit is credited to the member's account and any credit balance will be refunded. At the option of the Cooperative, such deposit may be refunded or credited to the member at any time prior to termination of the contract.

Amended: Vol.XIV, 1/24/66, 10

SECTION 3. "PURCHASE OF ELECTRIC ENERGY"

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

Amended: Vol.IV, 1/18/48, 1

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SECTION 4. "NON-LIABILITY FOR DEBTS OF THE COOPERATIVE"

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

SECTION 5. "EXPULSION OF MEMBERS"

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

SECTION 6. "WITHDRAWAL OF MEMBERSHIP"

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

SECTION 7. "TRANSFER AND TERMINATION OF MEMBERSHIP"

(a) Membership in the Cooperative, and a certificate representing same, shall not be transferable except as hereinafter otherwise provided and upon the death, cessation of existence, expulsion, or withdrawal of a member, the membership of such member shall be surrendered forthwith to the Cooperative; provided, however, that such termination of membership shall not release the member from the debts or liabilities of such member to the Cooperative.

Amended: Vol.IV, 1/18/48, 1

(b) A membership may be transferred by a member to himself or herself and his or her spouse, as the case may be, jointly upon the written request of such member and compliance by such husband and wife jointly with the provisions of subdivisions (b) and (c) of Section I of this article. Such transfer shall be made and recorded on the books of the Cooperative and such joint membership noted on the original certificate representing the membership so transferred.

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

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SECTION 8. "REMOVAL OF DIRECTORS AND OFFICERS"

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

ARTICLE II

Meetings of Members

SECTION 1. "ANNUAL MEETING"

The annual meeting of the members shall be held the first Tuesday of September of each year, or as soon as possible thereafter, beginning with the year 1998, at such place in the area served by the Cooperative in the counties of Bailey, Cochran, Castro, Lamb, or Parmer, State of Texas, as shall be designated in the notice of the meeting for the purpose of electing Directors, passing upon reports covering the previous fiscal year, and transacting such other business as may come before the meeting. If the day fixed for the annual meeting shall be a Sunday or a legal holiday, such meeting shall be held on the next succeeding business day. If the election of Directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

Amended: Vol.VIII, 8/12/57, 2
Amended: Vol.XXXIX, 9/15/97, 3

SECTION 2. "SPECIAL MEETINGS"

Special meetings of the members may be called by at least three (3) directors or upon a written request signed by at least ten per centum (10%) of all the members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Bailey, in the State of Texas, specified in the notice of the special meeting.

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SECTION 3. "NOTICE OF MEMBERS' MEETINGS"

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

SECTION 4. "QUORUM"

A quorum shall be constituted by the attendance of 50 members present in person for the transaction of business at the meeting of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

Amended: Vol.III, 1/6/47, 2

Amended: Vol.V, 2/9/53, 4

Amended: Vol.XXI, 3/24/75, 6

Amended: Vol.XXXVIII, 8/24/95, 6

SECTION 5. "VOTING"

Each member in person shall be entitled to one (1) vote, and no more, upon any matter submitted to a vote at a meeting of the members. The member may represent a firm, corporation or body politic. The member, however, shall be limited to one (1) vote, either the non-corporate member or the corporate member. 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, the articles of incorporation of the Cooperative, or these bylaws. If a husband and wife hold a joint membership, they shall jointly be entitled to one (1) vote, and no more, upon each matter submitted to a vote at a meeting of the members.

From time to time an occasion will arise where it is necessary for the Cooperative to require a mail-in-ballot from its members, allowing them to cast ballots as to their wishes regarding such things as regulatory matters as well as other issues that may arise. It will be at the discretion of the Board of Directors as to when and what issues may be voted on by the mail-in-ballot method.

Amended: Vol. IX, 10/12/59, 2

Amended: Vol.XXXI, 3/16/87, 3,4

Amended: Vol.XXXVIII, 8/24/95, 6

Amended: Vol.XXXIX, 6/17/96, 2

SECTION 6. "PROXIES"

At all meetings of members, a member must be present in person and shall be entitled to one (1) vote, and no more, upon each matter submitted to a vote at a meeting

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of the members. No individual member shall be allowed to vote by proxy. Any firm, corporation or body politic may nominate a representative to vote their one (1) share. No one (1) person may vote more than one (1) vote representing a firm, corporation, or body politic.

Amended: Vol. IX, 10/12/59, 2
Amended: Vol. XXXVIII, 8/24/95

SECTION 7. "ORDER OF BUSINESS"

The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:

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

ARTICLE III

Directors

SECTION 1. "GENERAL POWERS"

The business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors which shall exercise all of the powers of the Cooperative except such as are by law or by the articles of incorporation or by these bylaws conferred or reserved to the members.

SECTION 2. "QUALIFICATIONS AND TENURE"

At the annual meeting of the members for the year 1950, two (2) Directors shall be elected by ballot by and from the members for a term of one (1) year, or until their successors shall have been elected and shall have qualified; two (2) Directors shall be elected by ballot by and from the members for a term of two (2) years, or until their successors shall have been elected and shall have qualified; and three (3) Directors shall be elected by ballot by and from the members for a term of three (3) years, or until their successors shall have been elected and shall have qualified. Directors will be elected by plurality vote of the members present and voting. In the case of a tie, a second vote shall be cast. In the event the result is a tie, such winner shall be determined by a method so determined by the Board. At each annual meeting, beginning with the year 1951,

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Directors shall be elected, by ballot by and from the members, to succeed those Directors whose terms of office shall have expired, to serve for a term of three (3) years, or until their successors shall have been elected and shall have qualified. Upon their election, Directors shall, subject to the provisions of these bylaws with respect to removal of Directors, serve until the annual meeting of the members of the year in which their terms expire or until their successors shall have been elected and shall have qualified. No member shall be eligible to become, or remain, a Director or hold any position of trust in the Cooperative who is not a *member-user* in the area served by the Cooperative or who is in any way employed by, or financially interested in, a competing enterprise or a business selling electric energy or supplies to the Cooperative or a business primarily engaged in selling electrical or plumbing appliances, fixtures, and supplies to the members of the Cooperative or any person 18 years of age and under and no person shall take, or hold, office as a Director who is the incumbent of, or candidate for, an elective public office in connection with which a salary is paid, nor shall a person be eligible to serve as a Director who was employed by the Cooperative at anytime within the previous five years. A member-user must live within the boundaries of the area served by the Cooperative, including the areas of villages, towns or cities within or adjoining to the boundaries of the area served by the Cooperative, and may be elected a Director of the district in which he resides. A *member-user* may also be elected in the district adjacent to the district he/she lives in. However, under no circumstance will there ever be more than two (2) directors living in the same district serving on the Board at the same time. This provision is to insure equitable representation on the Board to the geographical districts served by the Cooperative and further insure that the Directors of the Cooperative do not all come from the same district. When a membership is held jointly by a husband and wife, either one, but not both, may be elected a Director; provided, however, that neither one shall be eligible to become, or remain, a Director, or to hold a position of trust in the Cooperative, unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Amended: Vol. IV, 6/13/49

Amended: Vol. XII, 1/13/64

Amended: Vol. XII, 2/10/64

Amended: Vol. XIV, 9/26/66

Amended: Vol. XXV, 12/17/79

Amended: Vol. XXX, 3/17/86

Amended: Vol. XXXV, 6/22/92

Amended: Vol. XXXVII, 9/19/94

Amended: Vol. XXXIX, 6/17/96

Amended: Vol. XXXXIV, 5/24/04

Amended: Vol. XXXXVI, 6/26/06

Amended: Vol. XXXXVI, 12/18/06

Amended: Vol. XXXXVIII, 2/23/09

SECTION 3. "NOMINATIONS"

The Board of Directors, after each annual meeting, will select a Committee on Nominations for the next succeeding annual meeting consisting of not less than five (5) and not more than eleven (11) members who shall be so selected as to give equitable representation on the committee to the geographical area served by the Cooperative. No officer or member of the Board of Directors shall be selected as a member of such Committee. The Committee shall prepare, and post at the principal office of the Cooperative at least twenty (20) days before the meeting, a list of nominations for Directors.

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There shall be a minimum of two (2) names for each vacancy that shall occur on the Board of Directors. Any fifteen (15) or more members may make other nominations in writing over their signatures not less than fifteen (15) days prior to the meeting and the Secretary shall post the same at the same place where the list of nominations made by the Committee is posted. The Secretary shall mail, with the notice of the meeting, a statement of the number of Directors to be elected showing separately the nominations made by the Committee on Nominations and the nominations made by the petition, if any. Nothing contained herein shall, however, prevent additional nominations being made from the floor at the meeting of the members. The members may, at any meeting at which a Director, or Directors, shall be removed, as hereinbefore proceeded, elect a successor, or successors, thereto without compliance with the foregoing provisions with respect to nominations. Notwithstanding anything in this section contained, failure to comply with any of the provisions of this section shall not affect in any manner whatsoever the validity of any election of Directors.

Amended: Vol.V, 1/12/53, 5
Amended: Vol.XXXII, 8/27/01

SECTION 4. "ATTENDANCE OF MEETINGS"

Each member of the Board of Directors being duly elected by the membership of the Cooperative to represent the specific district in which they reside and the Cooperative in whole. The Board of Directors are expected to attend all meetings and to devote their talents and energies for the benefit of the Cooperative in a fiduciary capacity. Therefore, except for good cause shown, any Director who misses more than three (3) regular meetings in any twelve (12) month period, beginning with the annual meeting, shall be automatically terminated as a member of the Board of Directors.

Adopted: Vol.XXXVIII, 8/24/95, 6

SECTION 5. "DIRECTOR/CONSUMER OBLIGATION"

The Board of Directors serve in a fiduciary capacity with Bailey County Electric Cooperative Association, as each Director is required to be a member and consumer of the Cooperative. To avoid all conflicts of interest between Bailey County Electric Cooperative Association and its Director/Consumer, any Director except for good cause shown, who does not timely pay any and all amounts of money due to Bailey County Electric Cooperative Association within ten (10) days of the due date of said obligation shall be automatically terminated from his position on the Board of Directors.

Adopted: Vol.XXXVIII, 8/24/95, 6

SECTION 6. "VACANCIES"

Subject to the provision of these bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board of Directors shall be filled by the affirmative vote of a majority of the remaining Directors for the unexpired portion of the term.

Amended: Vol. IV, 6/13/49, 2
Amended: Vol.XI, 11/13/61, 4
Amended: Vol.XXXVIII, 8/24/95, 7

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SECTION 7. "COMPENSATION"

Directors, as such, shall not receive any salary for their services, but, by resolution of the Board of Directors, a fixed sum and expenses of attendance, may be allowed for attendance at any meeting of the Board of Directors, or any other meeting authorized by the Board of Directors. By resolution of the Board of Directors, the Cooperative may further provide reasonable group medical insurance and Directors' liability insurance.

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 majority vote of the Board of Directors.

Amended: Vol.XVI, 3/25/68, 7
Amended: Vol.XXXVIII, 8/24/95, 7
Amended: Vol.XXXXIV, 5/24/04

SECTION 8. "RULES AND REGULATIONS"

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

Amended: Vol.XXXVIII, 8/24/95, 7

SECTION 9. "ACCOUNTING SYSTEM AND REPORTS"

The Board of Directors shall cause to be established and maintained a complete accounting system which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Administrator of the Rural Utilities Service of the United States of America. The Board of Directors shall also cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative in each calendar year, as of a date specified by the Board of Directors. Such audit reports shall be available to the members for examination at any time during office hours at the business office of the Cooperative, and at the following annual meeting.

Amended: Vol. XI, 11/13/61, 4,5
Amended: Vol.XXXVIII, 8/24/95, 7

SECTION 10. "CHANGE IN RATES"

Written notice shall be given to the Administrator of the Rural Utilities Service of the United States of America or any subsequent or supplemental lenders not less than ninety (90) days prior to the date upon which any proposed change in the rates charged by the Cooperative for electric energy becomes effective.

Amended: Vol.XXXVII, 4/18/94, 4
Amended: Vol.XXXVIII, 8/24/95, 7

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ARTICLE IV

Meetings of Directors

SECTION 1. "REGULAR MEETINGS"

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

Amended: Vol.XXXVII, 4/18/94, 4

SECTION 2. "SPECIAL MEETINGS"

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

Amended: Vol. XXXVII, 4/18/94, 4

Amended: Vol.XXXIX, 8/18/97, 4

SECTION 3. "NOTICE"

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

SECTION 4. "QUORUM"

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

SECTION 5. "MANNER OF ACTING"

The act of the majority of the Directors present at a meeting at which a quorum is present shall be the act of the Board of Directors.

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ARTICLE V

Officers

SECTION 1. "NUMBER"

The Officers of the Cooperative shall be a Chairman, Vice Chairman, Secretary, and Treasurer. The offices of Secretary and of Treasurer may be held by the same person.

Amended: Vol.XXXIX, 8/18/97, 4

SECTION 2. "ELECTION AND TERM OF OFFICE"

The officers shall be elected, by ballot, annually by and from the Board of Directors at the first (1st) meeting of the Board of Directors held after each annual meeting of the members. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as conveniently may be. Each officer shall hold office until the first meeting of the Board of Directors following the next succeeding annual meeting of the members or until his successor shall have been duly elected and shall have qualified, subject to the provisions of these bylaws with respect to the removal of officers.

SECTION 3. "REMOVAL"

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

SECTION 4. "VACANCIES"

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

SECTION 5. "CHAIRMAN" The Chairman:

(a) shall be the principal executive officer of the Cooperative and shall preside at all meetings of the members and of the Board of Directors;

(b) shall sign, with the Secretary, certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors, and may sign any deeds, mortgages, deeds of trust, notes, bonds, contracts, or other instruments authorized by the Board of Directors to be executed except in cases in which the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer 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 Chairman and such other duties as may be prescribed by the Board of Directors from time to time.

Amended: Vol.XXXIX, 8/11/97, 4

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SECTION 6. "VICE-CHAIRMAN"

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

Amended: Vol.XXXIX, 8/18/97, 4

SECTION 7. "SECRETARY" The Secretary shall:

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

(b) see that all notices are duly given in accordance with these bylaws or as required by law;

(c) be custodian of the corporate records and of the seal of the Cooperative and see that the seal of the Cooperative is affixed to all certificates of membership prior to the issue thereof and to all documents, the execution of which on behalf of the Cooperative under its seal is duly authorized in accordance with the provisions of these bylaws;

(d) keep a register of the post office address of each member which shall be furnished to the Secretary by such member;

(e) sign with the Chairman certificates of membership, the issue of which shall have been authorized by resolution of the Board of Directors;

(f) have general charge of the books of the Cooperative in which a record of the members is kept;

(g) keep on file at all times a complete copy of the bylaws of the Cooperative containing all amendments thereto, which copy shall always be open to the inspection of any member and at the expense of the Cooperative forward a copy of the bylaws, and all amendments thereto, to each member; and

(h) in general, perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him by the Board of Directors.

Amended: Vol.XXXIX, 8/11/97, 4

SECTION 8. "TREASURER" The Treasurer shall:

(a) have charge and custody of, and be responsible for, all funds and securities of the Cooperative;

(b) receive and give receipts for moneys due and payable to the Cooperative from any source whatsoever and deposit all such moneys in the name of the Cooperative in such bank, or banks, as shall be selected in accordance with the provisions of these bylaws; and

(c) in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him by the Board of Directors.

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SECTION 9. "PRESIDENT/CEO"

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

Amended: Vol.XXXIX, 8/18/97, 4

SECTION 10. "BOND OF OFFICE"

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

SECTION 11. "COMPENSATION"

The compensation, if any, of any officer, agent, or close relative of a Director, shall be determined by the members as provided elsewhere in these bylaws and the powers, duties, and compensation of any other officer, agent, and employee shall be fixed by the Board of Directors.

Amended: Vol.XXXVIII, 8/24/95, 7

SECTION 12. "REPORTS"

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

ARTICLE VI

Contracts, Checks and Deposits

SECTION 1. "CONTRACTS"

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

SECTION 2. "CHECKS, DRAFTS, ETC."

All checks, drafts, or other orders for the payment of money and all notes, bonds, or other evidence of indebtedness issued in the name of the Cooperative shall be signed by such officer, or officers, of the Cooperative and in such manner as shall from time to time be determined by a resolution of the Board of Directors.

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SECTION 3. "DEPOSITS"

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

ARTICLE VII

Membership Certificates

SECTION 1. "CERTIFICATE OF MEMBERSHIP"

Membership in the Cooperative shall be evidenced by a certificate of membership which shall be in such form, and shall contain such provisions, as shall be determined by the Board of Directors not contrary to, or inconsistent with, the articles of incorporation of the Cooperative or these bylaws. Such certificate shall be signed by the Chairman and by the Secretary of the Cooperative and the corporate seal shall be affixed thereto.

Amended: Vol.XXXIX, 8/18/97, 4

SECTION 2. "ISSUANCE OF MEMBERSHIP CERTIFICATES"

No membership certificates shall be issued for less than the membership fee fixed in these bylaws, nor until such membership fee has been fully paid for in cash and such payment has been deposited with the Treasurer.

SECTION 3. "LOST CERTIFICATE"

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

ARTICLE VIII

Non-Profit Operation "B"

SECTION 1. "INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED"

The Cooperative shall at all times be operated on a cooperative nonprofit basis for the mutual benefit of its patrons. No interest or dividends shall be paid or payable by the Cooperative on any capital furnished by its patrons.

SECTION 2. "PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY"

In the furnishing of electric energy the Cooperative's operations shall be so conducted that all patrons will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate

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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 moment of receipt by the Cooperative are received with the understanding that they are furnished by the patrons as capital. The Cooperative is obligated to pay by credits to a capital account for each patron all such amounts in excess of operating costs and expenses. The books and records of the Cooperative shall be set up and kept in such a manner that at the end of each fiscal year the amount of capital, if any, so furnished by each patron is clearly reflected and credited in an appropriate record to the capital account of each patron, and the Cooperative shall within a reasonable time after the close of the fiscal year notify each patron of the amount of capital so credited to his account. All such amounts credited to the capital account of any patron shall have the same status as though they had been paid to the patron in cash in pursuance of a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts for capital.

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

(a) used to offset any losses incurred during the current or any prior fiscal year and

(b) to the extent not needed for that purpose, allocated to its patrons on a patronage basis and any amount so allocated shall be included as a part of the capital credited to the accounts of patrons, as herein provided.

In the event of dissolution or liquidation of the Cooperative, after all outstanding indebtedness of the Cooperative 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. Any such retirements of capital shall be made in order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired. Prior to the repayment of any patronage capital to any patron, the Cooperative shall deduct from the amount of such patronage capital the amount of any debts owing by the patron to the Cooperative.

Capital credited to the account of each member shall be assignable only on the books of the Cooperative (a) pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such member's premises served by the Cooperative, unless the Board of Directors, acting under policies of general application, shall determine otherwise and (b) pursuant to the written order of any bankruptcy court or referee in bankruptcy and shall be assignable only to the person, partnership, firm or corporation purchasing such capital credits for value from a bankrupt member's estate under the provisions of the Bankruptcy Act of the United States.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time upon the death of any member who was a natural person (or, if as so provided for in the preceding paragraph, upon the death of an assignee of the capital credits of a patron, which assignee was a natural person), if the legal representative of his/her estate shall request in writing that the capital so credited or assigned, as the case may be,

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be retired prior to the time such capital would otherwise be retired under the provisions of these bylaws, to retire such capital immediately upon such terms and conditions as the Board of Directors, acting under policies of general application to situations of like kind, and such legal representatives, shall agree upon; provided, however, that the financial condition of the Cooperative will not be impaired thereby.

The Cooperative, before retiring any capital credit to any member's account, shall deduct there from any amount owing by such member to the Cooperative, together with interest thereon at the Texas legal rate on judgments in effect when such amount first became overdue, compounded annually. This provision shall apply to all refunds of capital credits.

Notwithstanding any other provision of these bylaws, the Board of Directors, at its discretion, shall have the power at any time to retire Capital Credits to any member in an amount of \$25.00 or less, upon such terms and conditions as the Board of Directors may desire, providing that the financial condition will not be impaired thereby.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provision of the articles of incorporation and bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the patrons are bound by such contract, as fully as though each patron had individually signed a separate instrument containing such terms and provisions. The provisions of this article of the bylaws shall be called to the attention of each patron of the Cooperative by posting in a conspicuous place in the Cooperative's office.

Amended: Vol. IV, 1/18/48, 3,4

Amended: Vol. XIII, 2/22/65, 6,7

Amended: Vol. XXX, 2/17/86

Amended: Vol. XXXIII, 11/20/89, 4

Amended: Vol.XLIX, 11/22/10

SECTION 3. "PATRONAGE REFUNDS IN CONNECTION WITH GENERATION AND TRANSMISSION ACCRUED CAPITAL"

The Cooperative, by affiliation with a Generation and Transmission (G & T) Cooperative may accrue capital by way of credits issued by the G & T. The G & T is obligated to pay by credits to a capital account for each of its members, all such amounts in excess of operating costs and expenses. The books and records of the G & T shall be set up and kept in such a manner that at the end of each fiscal year, the amount of capital, if any, shall be allocated and credited to the Cooperative in the form of Capital Credit Certificate.

After each year in which the G & T allocates Capital Credits to the Cooperative, the Cooperative shall, within a reasonable time after the close of the fiscal year, notify each of its patrons of the amount of the G & T Capital so credited to his/her capital account. All such amounts credited to the G & T Capital Account of any patron shall have the same status as though they had been paid to the patron in cash pursuant to a legal obligation and the patron had then furnished to the Cooperative a corresponding amount for the G & T Capital.

G & T Capital credited to the account of each patron shall be assignable only on the books of the Cooperative pursuant to written instruction from the assignor and only to successors in interest or successors in occupancy in all or a part of such patron's premises served by the Cooperative unless the Board of Directors, acting under policies of general application, shall determine otherwise.

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Notwithstanding any other provision of these Bylaws, the Board of Directors, at its discretion, shall have the power at any time to retire G & T CAPITAL CREDITS to the members of the Cooperative, BUT ONLY THAT CAPITAL THAT HAS BEEN REFUNDED to the Cooperative BY THE G & T. Any such retirements of G & T Capital shall be made according to the manner in which the G & T refunds such capital to the Cooperative.

Adopted: Vol. XXXVII, 4/18/94,5

ARTICLE IX

Waiver of Notice

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

ARTICLE X

Disposition of Property

SECTION 1. "DISPOSITION OF PROPERTY"

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

- (a) property which in the judgment of the Board of Directors neither is, nor will be, necessary or useful in operating and maintaining the Corporation system and facilities; provided, however, that all sale of such property shall not in any one (1) year exceed in value ten per centum (10%) of the value of all of the property of the Corporation;
- (b) personal property acquired for resale; unless such sale, mortgage, lease, exchange, or other disposition or encumbrance (not including any pledge, mortgage, deed of trust or trust indenture) of all, or substantially all, the property and assets of the Corporation may be made upon such terms and conditions and for such consideration, domestic or foreign, as may be authorized in the following manner.
 1. The Board of Directors shall adopt a resolution recommending such sales, lease, exchange, or other disposition and submission thereof to a vote at a meeting of the members, which may be either an annual or a special meeting.
 2. Written or printed notice shall be given to each member entitled to vote at such meeting within the time and in the manner provided for in the Statutes under which this Corporation is incorporated

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and, whether the meeting be an annual or a special meeting, shall state that the purpose, or one of the purposes, of such meeting is to consider the proposed sale, lease, exchange, or other disposition.

3. At such meeting, the members may authorize such sale, lease, exchange or other disposition and may fix, or may authorize the Board of Directors to fix, any or all of the terms and conditions thereof and the consideration to be received therefore. Each member shall be entitled to vote thereon. Such authorization shall require the affirmative vote, in person, of at least a majority of the members of the Corporation.
4. After such authorization by vote of members, the Board of Directors, nevertheless, in its discretion, may abandon such sale, lease, exchange or other disposition of assets, subject to the right of third parties under any contracts relating thereto, without further action or approval by the members; provided, however, that, notwithstanding anything herein contained, the Board of Directors, without authorization by the members, shall have full power and authority to borrow money from the United States of America, Reconstruction Finance Corporation, or any agency or instrumentality thereof, or the National Rural Utilities Cooperative Finance Corporation, and, in connection with such borrowing, to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, deed or deeds of trust upon, or the pledging or encumbrance of, any or all of the property, assets, rights, privileges, licenses, franchises and permits of the Corporation, wherever situated, and whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

Amended: Vol.XI, 9/11/61, 3,6

Amended: Vol.XIX, 1/25/71, 8

ARTICLE XI

Fiscal Year

The fiscal year of the Cooperative shall begin on the first (1st) day of January of each year and end on the thirty-first (31st) day of December of the same year.

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ARTICLE XII

Membership in Other Organizations

The Cooperative shall not become a member of or purchase stock in any other organization without an affirmative vote of the members at a duly held meeting, the notice of which shall specify that action is to be taken upon such proposed membership or stock purchase, provided, however, that the Cooperative may upon the authorization of the Board of Directors, purchase stock in or become a member of

(a) any Corporation organized on a non-profit basis for the purpose of engaging in or furthering the cause of rural electrification or objectives of the Cooperative, or

(b) with the approval of the administrator of R.U.S., any other Corporation for the purpose of acquiring electric facilities.

Amended: Vol.XI, 11/13/61, 5

Amended: Vol.XI, 1/8/62

Amended: Vol.XXXI, 1/19/87, 2

Amended: Vol.XXXVIII, 8/24/95, 7

ARTICLE XIII

Seal

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

ARTICLE XIV

Amendments

These bylaws may be altered, amended, or repealed by the Board of Directors at any regular or special meeting.