



2018 Annual Meeting



2018 Annual Meeting

Saturday, October 13, 2018
Comanche City Park

ORDER OF BUSINESS

October 13, 2018
Comanche City Park, Comanche

9 AM

Registration and Health Fair
Health Fair closes PROMPTLY at 10 AM

Refreshments

Entertainment

Sam Whiskey Band

Presentation of Colors

Comanche Boy Scouts

National Anthem

Brooklynn Richmond

10 AM

Call to Order

Invocation

Introduction of Directors and Special Guests

Report of Officers

Report on Quorum

Reading of Notice, Proof of Publications

Reading of Last Year's Minutes

Election of Directors

Manager's Report

Election Judge's Report

Unfinished Business

Drawing for Door Prizes

Adjourn

11 AM

Catfish and Chicken Lunch

Provided by Catfish Corner





CURRENT FACTS AND FIGURES



1
COOPERATIVE,

3
OFFICES,

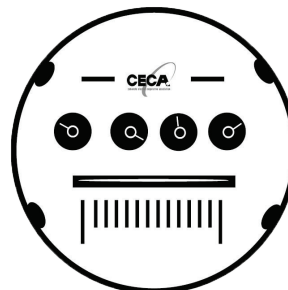
44
EMPLOYEES

7
DISTRICTS,

7
COUNTIES SERVED

4,966
MILES OF LINE

9,037
MEMBERS



16,884
METERS

Message from Your Manager & Board Chair

Membership in a cooperative is open to all persons who can reasonably use its services and stand willing to accept the responsibilities of membership, regardless of race, religion, gender, or economic circumstances.



Alan Lesley
General Manager

Alan has been with CECA since 1997, and has served as General Manager for 9 years.

Monty Carlisle
Board Chair

Monty has been a member of CECA since 1988, and has served the board for 22 years.



THERE IS LITTLE DOUBT that the most significant challenge your board and management struggle with is the need to carefully work through long term decisions in an industry that is changing at an unprecedented pace. Over the past several decades we have seen many changes, but never have we witnessed such potential for revolutionary change as there is now. Driven by advancements in new technologies in almost every aspect of the utility space; as well as ever increasing demands from members to adopt newer and easier ways in which to interact, many utilities, including CECA, are finding themselves busy discussing where money can be best spent and what should be avoided.

Beginning in the early 2000s, metering technology began to shift to more advanced forms of data collection. We adopted this technology at that time and this decision proved to be a wise one. With almost 5,000 miles of electric lines spread over seven Texas counties, the relatively simple act of reading our 16,000+ meters was accomplished utilizing a small army of contract meter readers each month. When inclement weather caused rural roads to become impassable, we were left to estimate monthly readings which, all too often, caused frustration for our member as well as our billing personnel. When our first AMR (automated meter reading) technology was installed we immediately reaped the benefits. No longer did we

have to rely on good weather and hours of windshield time to produce an accurate monthly bill. With the simple click of a button, we could now efficiently and quickly determine what each meter on our system was reading. Looking at it now, the decision to adopt that first leap into a new metering technology was fairly obvious; however, at that time the discussions leading up to such an investment were long and detailed.

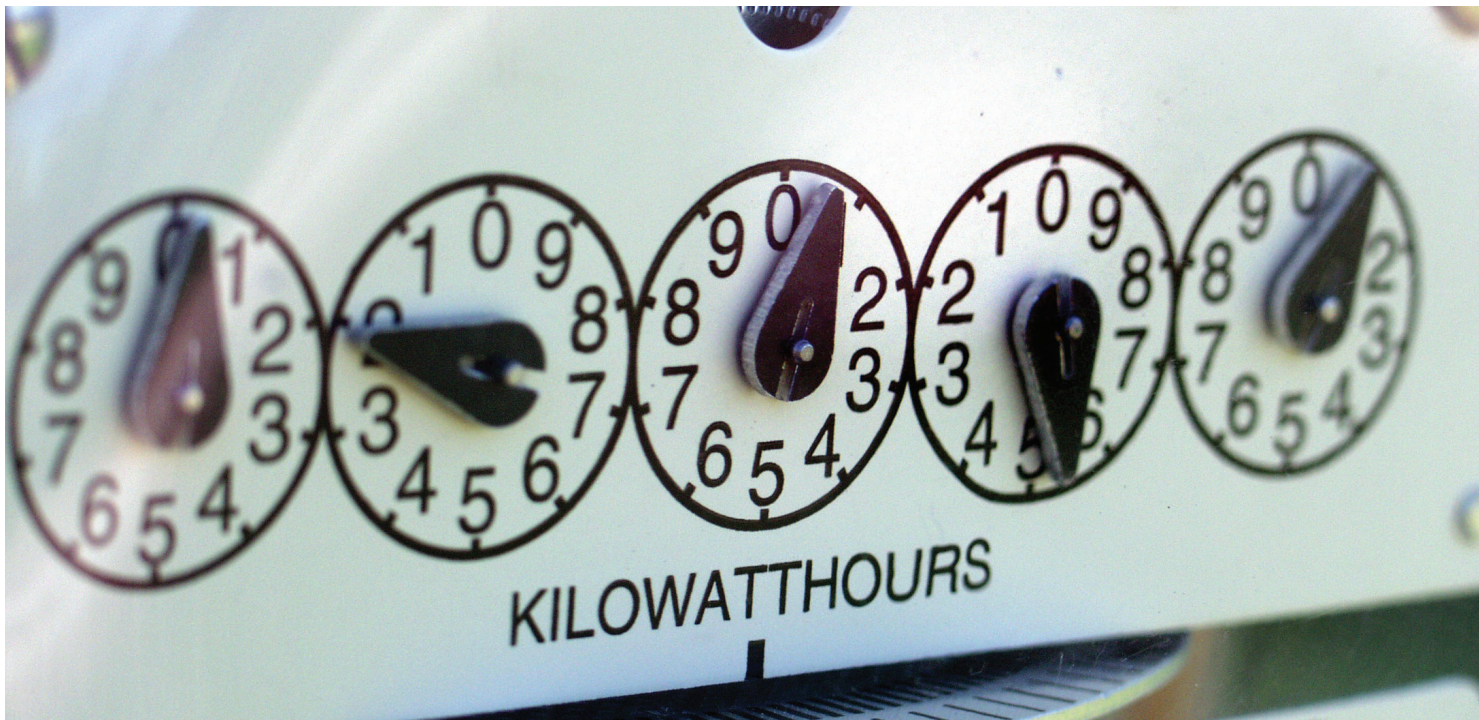
The list of changes and challenges we face is not small. Deciding where to spend money to improve services to our members and increase our efficiency is difficult because developments are happening in almost every aspect of our business. Not one opportunity comes without a significant investment, and paybacks usually come over many years. These decisions must be made with a long term plan in mind, which becomes complicated when we are not exactly certain where changes in our industry will lead. And these changes are not just happening to internal developments within the utility space.

Over and over, we see advancements in the devices we rely on to make our lives better change to adopt new and more

efficient technologies. These improvements are not limited to small electronics like smart thermostats, water heater controls, or refrigerators that can email a grocery list. Perhaps the developments which can impact the way we provide service to our members the most are coming in the form of electric vehicles, batteries to power a home, rooftop solar and other potentially industry changing technologies.

Today, there are literally dozens of these technologies which must be studied and carefully vetted prior to making a long-term investment. Where will our industry move? How can we incorporate technology changes within the cooperative to help improve the quality of our service to our members? These are the questions we discuss and decisions we ultimately must make. One thing is for certain. Our board and management are committed to providing the time and resources needed to study these opportunities and make wise investments which will keep our cooperative moving forward.

Our goal is to stay relevant to our membership, all the while providing an excellent level of service with a smile and at a price that you can afford!



2017 Annual Meeting Minutes

Cooperatives are democratic organizations controlled by their members, who actively participate in setting policies and making decisions. Elected representatives (directors) are elected from among the membership and are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote); cooperatives at other levels are organized in a democratic manner.



Agenda Items

Board president Monty Carlisle called the meeting to order. Comanche Boy Scouts Troop #67 presented the colors and led the Pledge of Allegiance. Annette Calderon led the National Anthem. Invocation was given by CECA General Manager Alan Lesley.

Directors in attendance were: Monty Carlisle, Phil Taylor, Ruby Solomon, Loren Stroebe, Randy Denning, Troy Stewart and Pete McDougal.

Special guests in attendance were: Robert Reich, General Council; Don Richards, Attorney, serving as Parliamentarian; CPA Tyler Canady of audit firm, Bolinger, Segars, Gilbert and Moss.

Board Secretary Ruby Solomon reported 243 bonafied



members were present, constituting a quorum. She then reported that notices of the 2017 Annual Meeting were mailed from Texas Electric Cooperative, in Austin, Texas in the October issue of Texas Coop Power magazine on September 29, 2017. Total copies mailed were 9,177 at a cost of \$6,962.70

Tyler Canady, CPA from audit firm Bolinger, Segars, Gilbert and Moss reported on the financial conditions of the cooperative.

Action Items

Attorney Don Richards requested a motion to dispense with the reading of the minutes of the Annual Meeting held on October 4, 2016 and approve them as presented. There was a motion and a second. Motion passed.

Mr. Richards explained the results of the district meetings that were held in August 2017. District #2 met at the Comanche Community Center on August 14th and nominated James “Pete” McDougal for consideration at the October meeting. District #4 met at the Mullin Community Center on August 17th and nominated candidate Monty Carlisle. Mr. Richards asked for nominations from the floor. There being none, motion and second was made for James “Pete” McDougal for District #2, and Monty Carlisle for District #4 to be elected by acclamation. Motion passed.

Other Items

Alan Lesley, General Manager, spoke about the vast

technological changes that have occurred within the cooperative over the past 80 years.

Alan Lesley and Monty Carlisle distributed the employee service award pins.

Mr. Richards asked if there was any old business and there being none, the meeting adjourned.

Under the direction of Doug Erwin and other employees, gifts donated by vendors, health fair participants, and CECA were distributed by the drawing of names.

A luncheon catered by J.C. Cook & Company was attended by 632 individuals.



Capital Credits

Electric cooperatives like CECA are not-for-profit organizations that operate for the benefit of their members. Accordingly, if member-generated revenues are in excess of operating costs and expenses, those funds are credited to a member's account based on the amount of electricity they use. Those funds, called capital credits, are the lifeblood that enables CECA to satisfy the future growth and power needs of our members. To date, CECA has returned more than \$7,602,000 in capital credits to our members.

AS A MEMBER OF CECA, you build ownership through your kilowatt-hour purchases. There is no stock to be purchased or sold; you own the business. One way your ownership is reflected is through capital credits (your share of what's left over after the co-op pays its expenses). Every month, you pay your bill for electric service, and the co-op pays the expenses incurred in providing that service. Any funds left over at the end of the year, «margins», provide equity for the co-op and you, the member. These funds are called «capital credits».

We retain a portion of these capital credits for two reasons:

- 1) As working capital to keep the co-op financially sound and to allow for emergencies, such as storm damage, which might require placement of poles and power lines; and
- 2) To retire debt and build equity in the co-op.

In 2018, your Board of Directors voted to retire up to \$750,000 in Capital Credits for CECA members. This total reflects investments from 1984-2017.

The total amount paid to members in the form of Capital

Credits since 1938 is \$7,602,308.21. The latest refund was in September of 2015. CECA refunded \$712,000 for a portion of 1984 through 2014. This included estate refunds through 2016, in the amount of \$2,802,509.92. Equity has remained stable in the last ten years at a rate of 44% in 2016 and 46% in 2017.

Capital Credits are an important part of CECA's business

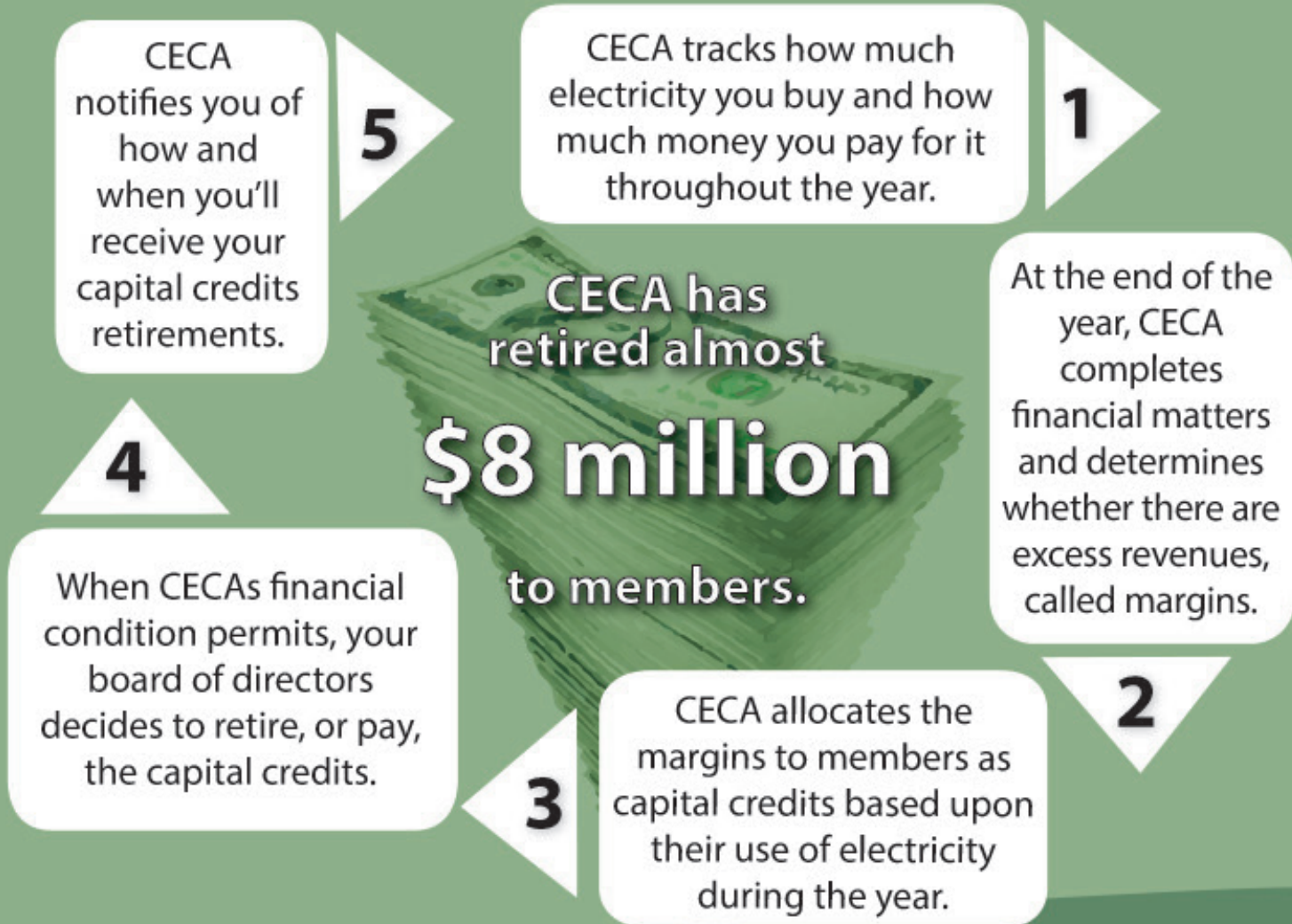


model, and are just one of the things that makes the cooperative different from many other utilities.

If you have any questions about capital credits or any of the operations of the co-op, just give us a call. It's your business.

How Do Capital Credits Work?

Because electric co-ops operate at cost, any excess revenues, called margins, are returned to members in the form of capital credits.



Focused on Community

While focusing on member needs, cooperatives work for the sustainable development of their communities through policies accepted by their members.

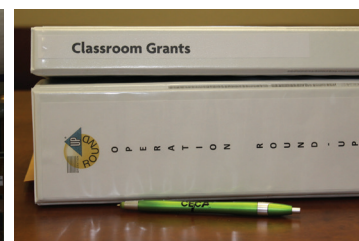
GENUINE CONCERN FOR OUR COMMUNITY and the commitment to make it thrive is second nature to CECA. What does that mean? It means we take our commitment to investing in the community seriously! We support many non-profit groups, local events and more in our community on an annual basis. In addition to giving monetary support, we also donate volunteer support, time and even professional resources to events and organizations whose goals and objectives align with ours. We don't just give lip service to the saying "paying it forward"; instead we roll up our sleeves and do the work that needs to be done to make our communities a better place to live, work and play.

Through our Operation Round-Up Program, CECA members have donated to many worthy projects within our service territory. Those projects include air ambulance helipads, fire departments, schools, community projects, and

many more.

In 2017 alone, over \$41,000 was donated to fire departments, Project Graduation and Project Prom, scholarships, classroom teacher grants, Christmas projects, cancer society projects, non-profit health organizations, house fires, medical expenses, and many more.

Out of that total, \$5,600 was donated to Cross Plains Volunteer Fire Department for the construction of a helipad to provide the community and the surrounding areas with safe and convenient access to emergency medical care; \$5,500 was given to area teachers for classroom projects to improve the learning experience of their students (see page 15); \$3,500 to West Texas Rehab to assist in the rehabilitation of so many CECA members who have suffered catastrophic accidents or birth related problems; \$3,000 for local scholarships, including a scholarship for adults returning to school to improve the





quality of life for themselves and their families.

These are only a few of the many projects CECA has donated to through the Operation Round-Up program. In addition, CECA employees have donated time and effort to the communities in which we live, work and play through efforts such as volunteer work through local sports programs; volunteers serving on local committees and organizations; hanging banners, digging holes, and repairing lights for community organizations.

Recently CECA was instrumental in the purchase and installation of a Sound Garden at McDonald Field in Early. The garden will give children with disabilities a place to play. "We realize there is no other area for children with disabilities to go and play," said Zane Hobson, one of the two students who are working toward completing the garden for their leadership project. "You'll go out to the park on a Saturday morning with your family and see your kids playing, but you will see that one kid on the side not being able to play. It's not because they don't want to, it's because they physically or mentally can't play. This will allow children to come together with children with disabilities, the elderly, everyone in the community can come together, play and enjoy themselves. Words spell, but music allows people the ability to express themselves."

The holidays are upon us, and for many that means it's time to gather with family and friends to break bread, reconnect and reminisce. It's also a season when we try a little harder to

be generous with our time, talent and treasure. We all do our best during the year to be kind and generous with our friends and neighbors, but the stress and bustle of everyday life sometimes keeps us from sharing the full measure of concern for community that lives in our hearts. If you would like to donate an average of \$6 per year toward these and other CECA projects through the member Operation Round-Up Program, contact any one of CECAs Service Representatives at 800-915-2533.



Cooperation Among Cooperatives

Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures

WHEN MOTHER NATURE GOT IT IN HER HEAD to drop moisture in the form of freezing rain back in February, the CECA service territory was hard hit. Little did she know that cooperatives across the United States are one big happy family that pulls together to overcome obstacles such as this.

With much of our territory afflicted by downed lines and power outages due to ice, plus a forecast of continued freezing weather, CECA crews worked tirelessly until they began to succumb to fatigue.

But help was on the horizon. Cooperatives across the United States pull together in times of crisis, sending crews when needed to insure that co-op members, no matter where they are located, have power restored as quickly as possible.

In a show of solidarity, four neighboring cooperatives quickly put together crews and equipment to get you, the CECA members, back on the grid.

Why would they do that? Because that's just the way we do things in the co-op world—neighbors helping neighbors. It demonstrates two of the Seven Cooperative Principles: Cooperation among Cooperatives and Concern for Community.

This was the first time in CECA history that your cooperative has had to call for additional crews. But what a blessing to know that those crews are available when you need them.

Thank you to Heart of Texas Electric Cooperative,

Concho Valley Electric Cooperative, Southwest Texas Electric Cooperative, and Bartlett Electric Cooperative for their quick response in sending crews when they heard we were in a bind. These visiting crews enthusiastically praised our members for their patience, understanding and generosity as they worked within our service territory. That says a lot about you, our members, and the cooperative!

This was a common scene throughout the CECA service territory as banches and entire trees fell across power lines due to the weight and stress of the ice.





Above: Convoy of co-op trucks headed to hurricane restoration.

Right: School children in Florida write Thank You letters to assisting linemen.

WHEN HURRICANE HARVEY HIT THE COAST OF TEXAS, crews across the state volunteered aid to assist the hard hit coastal areas. CECA offered assistance as well, but due to the overwhelming response from Texas cooperatives, our assistance was not necessary.

When Hurricane Irma hit the coast of Florida a few weeks later, with so many cooperatives just recovering from the Texas hurricane, CECA quickly dispatched four trucks and six crew members to lend aid.

After ten hard days at SECO in Sumter, Florida and Talquin Electric Cooperative in Quincy, Florida, the wearied crew headed back to Texas.

"Any time we go on storm restoration it's a long and tiring trip. This one was equally so, especially given the distance we had to travel," said Eddie Strube, CECA's Director of Operations. "But knowing you are helping a sister cooperative, and knowing the favor will be returned if you need it, makes it all worthwhile. And the appreciation from the members we helped makes it really gratifying."

Traveling with Strube were: Keith Steward, Tim Palette, Justin Riley, Josh Walls, and Brandon Cook.

<p>Thank you so much for coming to our aide after Hurricane Irma</p> <p><small>My name is Mary Krizanac and I was one who had a heater come through the neighborhood. The neighbors gathered and cut the 20 or so downed trees out of the (dirt) roadway to make sure you were able to get to us! We were out of power about a week.</small></p> <p><small>I am a Teacher at Horizon Academy @ Marion Oaks and had my students write letters. 55 completed came to our aide in Marion County, so I divide the letters. Sorry there are only a few, but I wanted every company to get a hand written note.</small></p> <p><small>Ms. Kriz</small></p> <p>Dear Electrical Company,</p> <p>I thank you for helping me and my family get the power back on. I hope that none of you got hurt. While fixing those dangerous wires and electric poles. Thank you very much, that perhaps some of you had to leave your family to help us in the Hurricane. But glad that you Electrical Company's helped other people in need to get their power back on and that you help me and others chop down the wood from the trees because they blocked many paths. I thank you for everything for bringing back the power. Now I can sleep better and have warm food and cold drinks. Now because I thank you very much is because many of us need the electricity to take us to the bathes, cook food. I will watch tv to know what's going on around the world. I now mostly thank you for saving our lives and helping us get power for hopefully every day.</p> <p>Sincerely, Kimberly Landon-Victoria</p>	<p>Dear electrical & tree companies,</p> <p>Before the power went out from hurricane Irma, you guys were up and running, getting gas for your trucks and making sure you had everything you needed before you went out and started fixing powerlines or removing trees. I just wanted to say thank you for going out during hurricane Irma and fixing the powerlines that were down. Thank you for removing trees that were in the way on the road or on top of powerlines. Thank you for helping us getting our power back.</p> <p>Thank you, M.J. ALLENZ</p> <p>Dear Power Company People who come from different states to help us. Myself and many others are very thankful that you all took the time to come all the way out here to Florida. It was sorry that you had to go away from your families, your state, your home, but it was also thankful.</p> <p>-Susan Kenter</p> <p>Dear Electric people</p> <p>I thank you for giving us power back. If you had not brought back my power, I would have died of heat stroke. I would have died of heat stroke. The only good thing about the loss of power was that school got canceled a couple of extra days. I thank you for giving us power back and I thank for the days off of school.</p> <p>- Alexander</p>
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CECA Future Members

CECA takes the education of our youth very seriously, and we strive to encourage our youth to expand their horizons in a variety of ways.

Youth Tour



EACH YEAR COMANCHE ELECTRIC COOPERATIVE SPONSORS

up to two students on the Government-in-Action Youth Tour trip to Washington D.C. The seven day tour includes visits to the National Cathedral, Lincoln Memorial, Mount Vernon, and the Smithsonian Museum, as well as a host of other national sites. The students also have the opportunity to have down time and

fun in the form of dinners at such places as The Hard Rock Cafe, shopping at Union Center, dances, etc.

The contest is open to any student, sophomore and above, who attends a school where Comanche Electric Cooperative has facilities, or if the student's parents or legal guardians are members of Comanche Electric Cooperative. Qualifying schools are: Albany, Baird, Bangs, Blanket, Breckenridge, Brownwood, Cisco, Comanche, Cross Plains, De Leon, Dublin, Early, Eastland, Goldthwaite, Gorman, Gustine, May, Moran, Mullin, Priddy, Ranger, Rising Star, Sidney and Zephyr.

This is an all expense paid trip and the winning students will receive air fare, transportation, lodging, meals, insurance, and admission charges associated with the tour.

The winners of the 2018 contest are Sierra Dyson and Gracy Schulte. Dyson is a 2018 graduate of De Leon High School and the daughter of Jessica and James Edward Dyson Jr. Schulte is a Junior at Comanche High School and

the daughter of Steven and Melody Schulte.

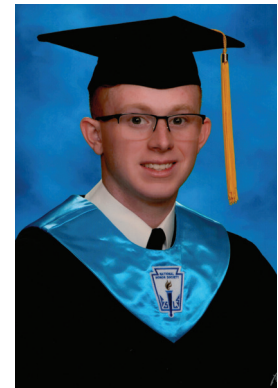
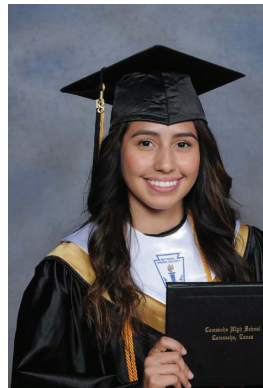
Applications are currently being accepted for the 2019 Government-in-Action Youth Tour. To apply, visit our website at www.cecacoop.org, or contact the Member Services Department at 800-915-2533, or memberservices@cecacoop.org.

Scholarships

CECA offers five \$2,000 Scholarships For Excellence to be paid over four semesters, and two \$1,000 Operation Round Up Scholarships to be paid over two semesters.

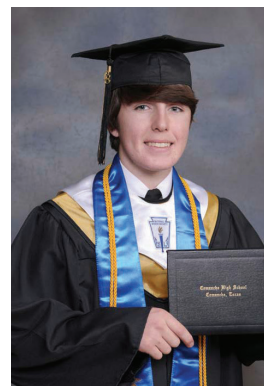
Scholarship For Excellence

Through the CECA Scholarship For Excellence program, five local students were awarded \$2,000 each to be disbursed over their next four semesters. Those students, pictured left to right are: Reagan Bills, Early ISD; Annette Calderon, Comanche ISD, Lizbeth Noguez, Comanche ISD; Kailei Gaines, Comanche ISD; and Damyon Sneed, Cisco ISD.



Operation Round-Up Scholarship

Two students were awarded \$1,000 each to be disbursed during the next two semester through the Operation Round-Up program. Those students are, pictured left to right: Wyatt Welch from Comanche and Allan Piri from Blanket.



Leadership Conference

Leadership and learning are indispensable to each other.
John F Kennedy



WHAT HAPPENS WHEN YOU MIX 100+ high school juniors in a room with some talented leaders? You get 100+ more talented leaders!

Each year CECA invites area schools to send their top leaders in the Junior Class to a one day, all expense paid Student Leadership Conference.

The purpose of this conference is to introduce high school students to different aspects of leadership and methods that will propel them to greater leadership roles, and to enhance those skills through hands-on activities, speaking opportunities, and fun filled events.

The students are mentored by individuals from within area communities who guide them in their activities, as well as to demonstrate and discuss the qualities required to be a leader.

At the close of the day, students are reunited with their classroom groups where they brainstorm community service projects within their schools and/or communities. They then formulate a plan as to how the project can be brought to fruition in terms of manpower, monetary funds and donations. Students are encouraged to go back to their respective com-

munities and follow through with their plan.

The 2017/2018 CECA Student Leadership Conference was held November 15, 2017, at the Lake Brownwood 4-H Center. Participating schools were: Sidney, Priddy, Cross Plains, Rising Star, Goldthwaite, Dublin, Bangs, Blanket, Early, Gorman, Mullin, De Leon, and Comanche. See the January 2018 issue of Texas Co-op Power magazine for details on the conference.

The 2018/2019 CECA Student Leadership Conference is scheduled for November 14th, 2018.



Classroom Teacher Grants



Sarah Childers with De Leon ISD received first place for her project that uses Google Expedition. The project will be a collaboration between five school districts: De Leon, Gustine, Sidney, Gorman and Zephyr.

THE CECA OPERATION ROUND-UP CLASSROOM GRANT PROGRAM is sponsored by the membership of Comanche Electric Cooperative through the Operation Round-Up program. Because the education of our youth is such a critical matter, the Operation Round-Up Board of Directors has approved to offer five (5) Classroom Grants of up to \$1,000 each, to enhance the education of our youth.

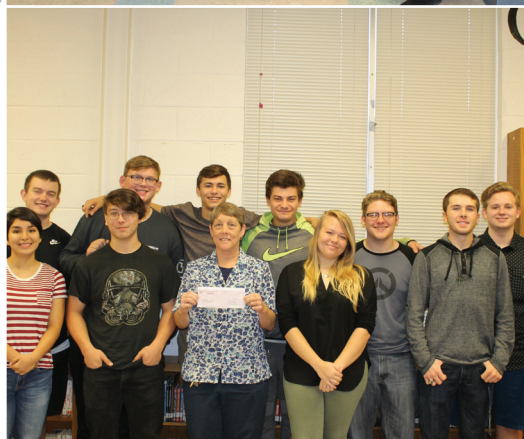
An eligible application should demonstrate cooperation between students, be appropriate for age and grade levels applied for, encourage high level of student involvement, and focus on student learning.

Any K-12 classroom teacher whose school or community is served by CECA, or whose students' homes are served by CECA, may apply for the grant. The list of qualifying schools includes: Albany, Baird, Bangs, Blanket, Breckenridge, Brownwood, Cisco, Comanche, Cross Plains, De Leon, Early, Eastland, Goldthwaite, Gorman, Gustine, Hamilton, May, Moran, Mullin, Priddy, Ranger, Rising Star, Sidney, Zephyr.

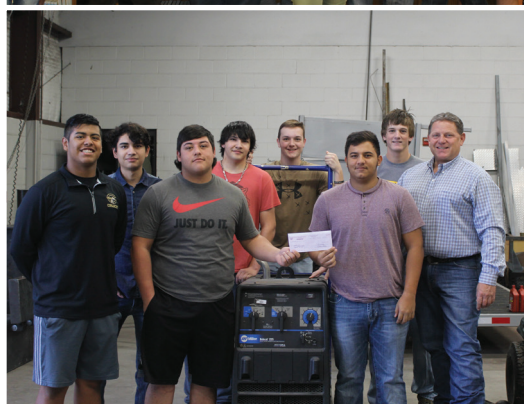
Grants are limited to one grant per school per year. Each school may have multiple applications, and are encouraged to do so to increase your chances of being awarded a grant, but only one application per school will be approved.



Cassie Millican with Heartland Special Education Cooperative in Early received a grant to purchase items for her sensory room.



Betsy Herron of Cisco received an award for her JAVA programming class to purchase robotics equipment.



Philip Beard of Comanche was awarded a grant to purchase a Dialarc AC/DC welder

Legislative Concerns

Advocacy is more than just lobbying. It means taking an active role to ensure that federal and state policies support cooperatives' work on behalf of their members. Through the collective efforts of NRECA, CECA, and cooperatives across the nation, we have championed the electric co-op business model and helped keep the lights on for more than 42 million member-owners.

ONE MAY WONDER WHY an electric cooperative would need to be involved in legislation. The answer is that at any given time there can be any number of legislative and regulatory issues facing electric cooperatives and the communities we serve. CECA and cooperatives across the nation work with NRECA (National Rural Electric Cooperative Association), to ensure that issues important to rural America and electric cooperatives are well understood and communicated to those lawmakers and regulators that ultimately will decide how tomorrow's energy policy is formed. Current issues of particular importance to electric cooperatives are:

Rural Policy and the Farm Bill

Electric cooperatives built and improved the infrastructure to bring electricity to people living in rural America who were being left in the dark and left behind. Today, more than 900 co-ops provide power to more than 42 million Americans in 47 states – serving 56 percent of the nation. Growing a vibrant rural economy is essential to America's success and prosperity.

- **RUS Financing:** The Rural Utilities Service continues to be a key source of financing for electric cooperative infrastructure development and will continue to play an important role in the future. Importantly, the RUS electric loan program provides a positive financial return for the government, so cooperative investment in RUS loans are a win-win proposition to rural cooperative consumers as well as the US taxpayer!
- **Rural Development:** USDA Rural Development programs generally have had a positive impact on rural America and should be continued and enhanced. The

Rural Economic Development Loan and Grant Program is one of several programs used effectively by cooperatives to expand economic opportunities in rural America.

- **Rural Broadband:** Tens of millions of rural Americans continue to live without access to high-speed internet service. Bridging the digital divide continues to be a critical issue for rural America, and it must be addressed. One of the most promising vehicles for growth in the rural areas of America is ensuring access to competitively priced, reliable high-speed internet connectivity.
- **Farm Bill:** The Farm Bill is due to be reauthorized in 2018, and we look forward to ensuring that updates of our nation's agricultural and rural policies strengthen rural America.

Ensuring Access to Affordable Electricity and Regulatory Reform

Electric cooperatives support a diverse energy portfolio that includes conventional and alternative energy sources, and strongly advocate for policies that ensure environmental concerns and the consumers' interests are adequately and equally considered in policy decisions.

- **Energy Policy:** Electric cooperatives strongly support an energy policy that encourages a diverse energy supply to ensure an affordable, reliable, and safe supply of electricity. Cooperatives actively pursue sensible investments in newer and cleaner forms of generation resources as old resources become obsolete.
- **FERC:** The Federal Energy Regulatory Commission has recently made several decisions transferring authority from state and local decision-makers to the Federal



level. Properly balancing federal and state/local decision-making is essential. FERC must continue to protect all consumers, both rural and urban alike.

- **Future Rules:** Future rules and decisions under the Endangered Species Act, Migratory Bird Treaty Act, Clean Air Act, Clean Water Act, and other laws should carefully balance the nation's environmental and economic goals without imposing undue burdens on rural America.

Infrastructure and Investing in the Future

Improving our nation's infrastructure is a consistent theme. Electric co-ops have been in the infrastructure development and improvement business for decades to improve the quality of life in the communities we serve – a mission we will continue.

- **Modernizing the electric grid:** We look forward to continuing to work in partnership to improve the grid to meet member-consumers' needs while continuously improving the resiliency of our electric system. Co-ops continuously improve the cyber and physical security of

our systems and have been leaders in developing and using smart grid technologies. A strong public-private partnership is essential, particularly in the area of cyber security.

- **Energy Research and Development:** Electric cooperatives support a wide range of research activities to help improve our nation's future energy infrastructure. We will continue to seek advances in technologies including distributed energy resources, carbon capture and sequestration or utilization, and others. The federal government can be a key partner in advancing our nation's energy research.
- **Land Use:** Co-op facilities require easements and often times permits to cross through publicly- and privately-owned lands. We continue to need reasonable access to those lands and permits granted in a timely manner for infrastructure construction and maintenance, tree-trimming and other right-of-way maintenance, and other activities.

2017 Financial Reports



Your 2017/2018 Board of Directors



MONTY CARLISLE
Board Chairman
District #4



PHIL TAYLOR
Vice Chairman
District #7



RUBY SOLOMON
Secretary
District #3



RANDY DENNING
District #1



PETE MCDOUGAL
District #2

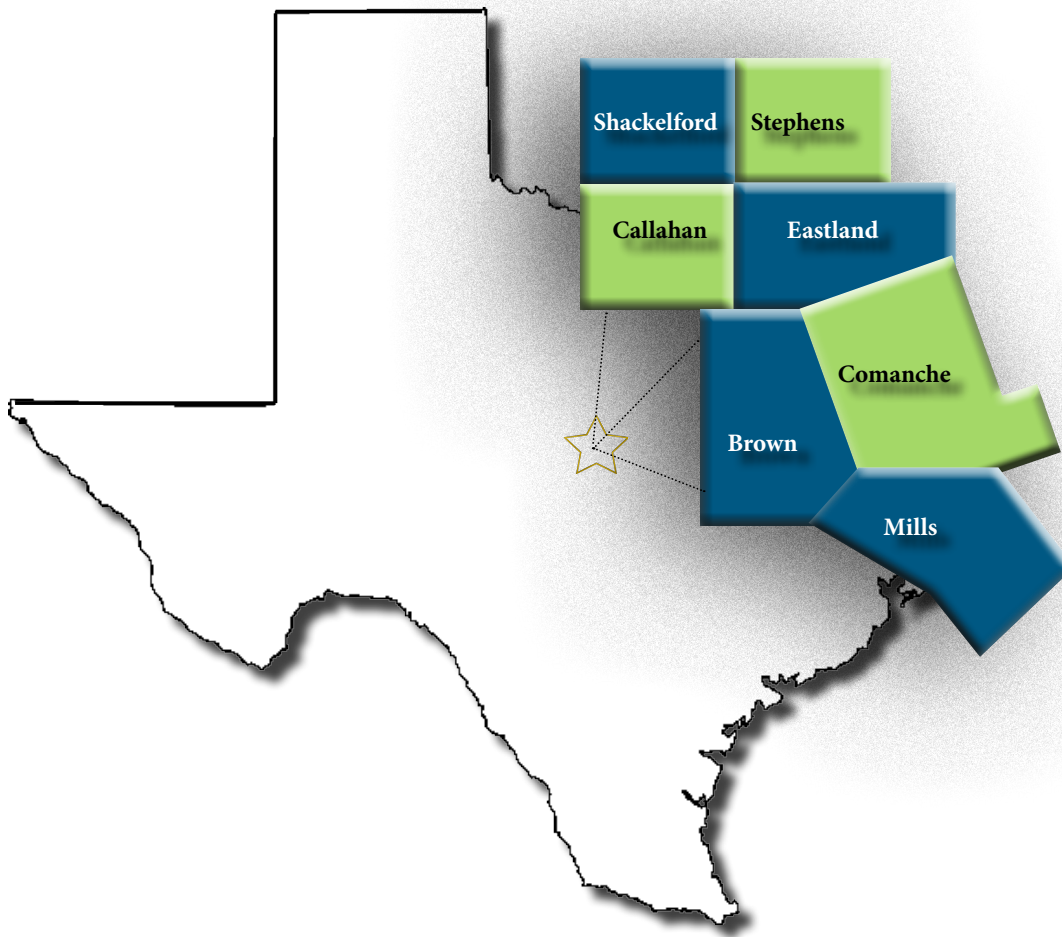


TROY STEWART
District #5



LOREN STROEBEL
District #6

Your CECA Service Territory Map



Randy Denning, District #1

Comanche County (Highway 16 north of Comanche, thence east to Highway 36).

James “Pete” McDougal, District #2

Comanche County (Highway 36 east from Comanche, thence south and west to Highway 36).

Ruby Solomon, District #3

Comanche County (Highway 36 northwest from Comanche thence east to Highway 16).

Monty Carlisle, District #4

Mills County plus that portion of Brown County south of Highway 67 and including that portion of Brown County west or south of Pecan Bayou.

Troy Stewart, District #5

Brown County north of Highway 67 and east or north of Pecan Bayou.

Loren Stroebel, District #6

Eastland and Callahan counties less that portion of Eastland County east or north of Highway 6.

Phil Taylor, District #7

Stephens and Shackleford counties plus that portion of Eastland County east or north of Highway 6.

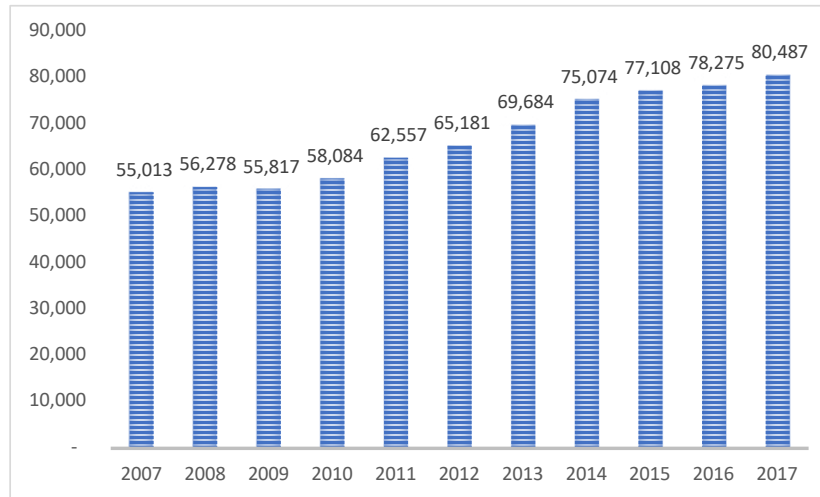
Balance Sheet

As of December 31, 2016 & 2017

ASSETS		
WHAT WE OWN	2016	2017
Electric Lines, Equipment, Property and Buildings	79,367,084	81,494,802
Less: Accumulated Provision for Depreciation	(18,257,301)	(19,943,462)
Net Utility Plant	61,109,783	61,551,340
Non Utility Plant		
Cash	369,258	308,528
Investments in Associated Organizations	14,294,264	14,609,748
Other Investments	144,553	1,501,389
Accounts Receivable	434,773	421,550
Construction Materials and Supplies on Hand	482,774	445,436
Miscellaneous Prepayments and Other Debits	<u>1,439,563</u>	<u>1,304,643</u>
TOTAL ASSETS	78,274,968	80,142,634
LIABILITIES AND NET WORTH		
WHAT WE OWE	2016	2017
Long-term Obligations	91,328,792	89,878,791
Less-Payments When Due	(53,139,056)	(51,777,561)
Balance Due and Principal	38,189,736	38,101,230
Accounts Payable for Power, Materials, Supplies, Etc.	2,263,933	2,301,738
Deferred Credits	<u>3,051,961</u>	<u>2,908,244</u>
TOTAL LIABILITIES	43,505,630	43,311,212
Membership Fees	168,525	172,715
Patronage Capital and Other Equities	<u>34,600,813</u>	<u>36,658,707</u>
TOTAL NET WORTH	34,769,338	36,831,422
TOTAL LIABILITIES AND NET WORTH	78,274,968	80,142,634

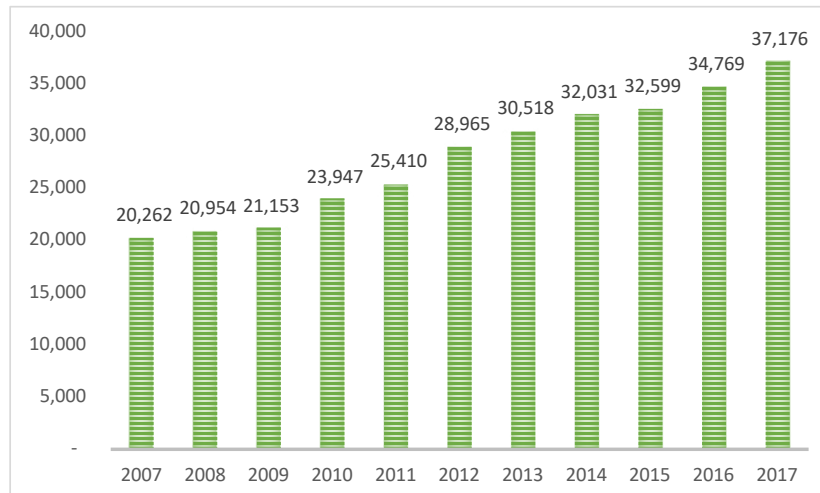
Assets

In Thousands of Dollars - Last Ten Years



Equity

In Thousands of Dollars-Last Ten Years



Comparative Statement

INCOME WHERE IT CAME FROM	%	2016	%	2017
Electricity Sales	90.7%	22,101,508	91.7%	23,484,637
Service Charges & Other Revenue	2.4%	591,896	2.0%	523,525
Nonoperating and Interest	<u>6.9%</u>	<u>1,683,555</u>	<u>6.3%</u>	<u>1,603,878</u>
Total Income	100.0%	24,376,959	100.0%	25,612,040

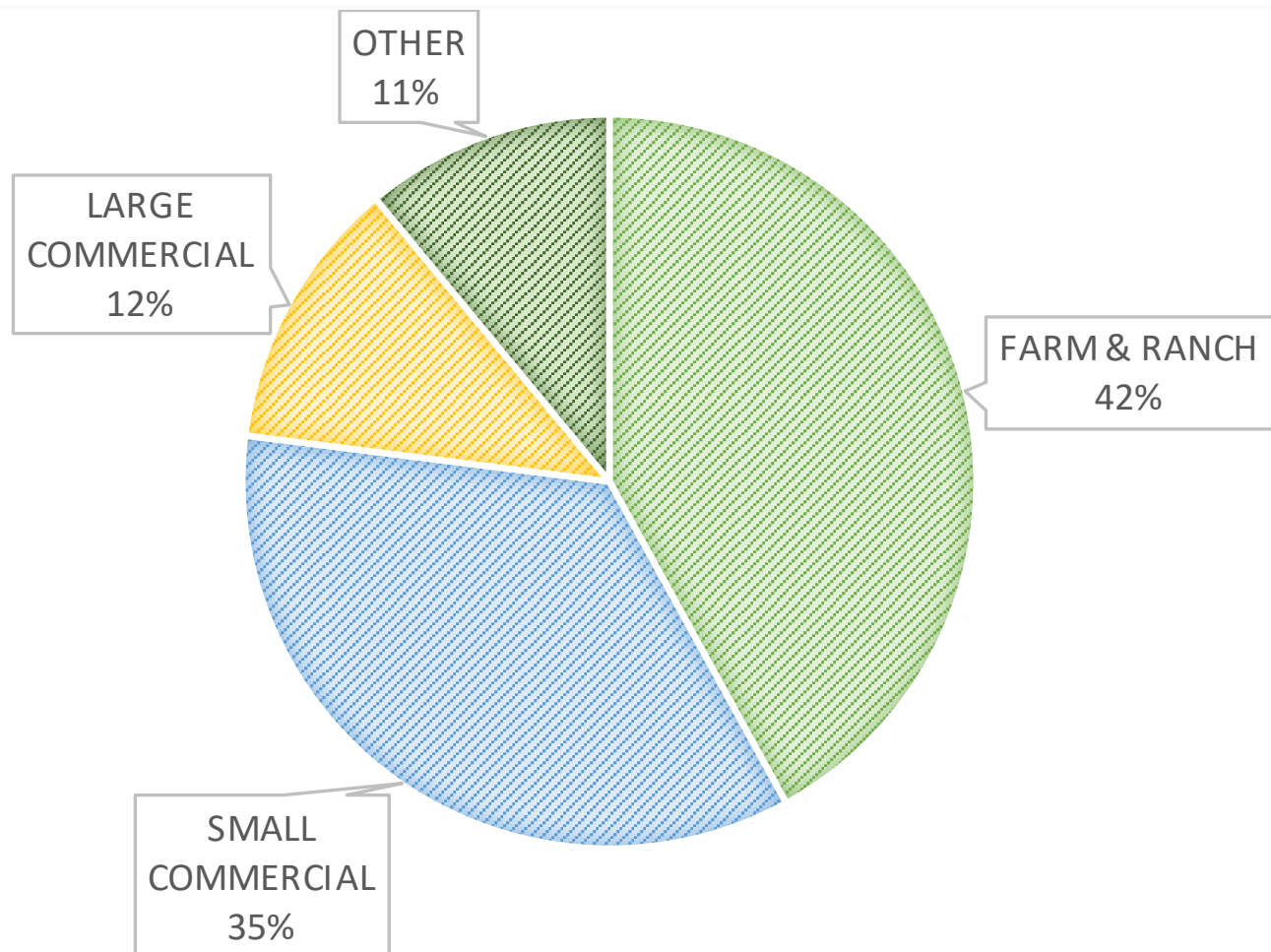
EXPENSES WHERE IT WENT	%	2016	%	2017
Purchased Power	52.6%	12,821,813	55.0%	14,078,273
Operating & Maintaining	20.9%	5,093,784	20.5%	5,255,629
Depreciation Expense	10.1%	2,454,997	9.6%	2,461,845
Interest on Long-Term Debt	7.2%	<u>1,755,118</u>	6.6%	<u>1,700,463</u>
TOTAL EXPENSES		22,125,712		23,496,211

Margins	<u>9.2%</u>	<u>2,251,247</u>	<u>8.3%</u>	<u>2,115,830</u>
	100.0%	24,376,959	100.0%	25,612,040

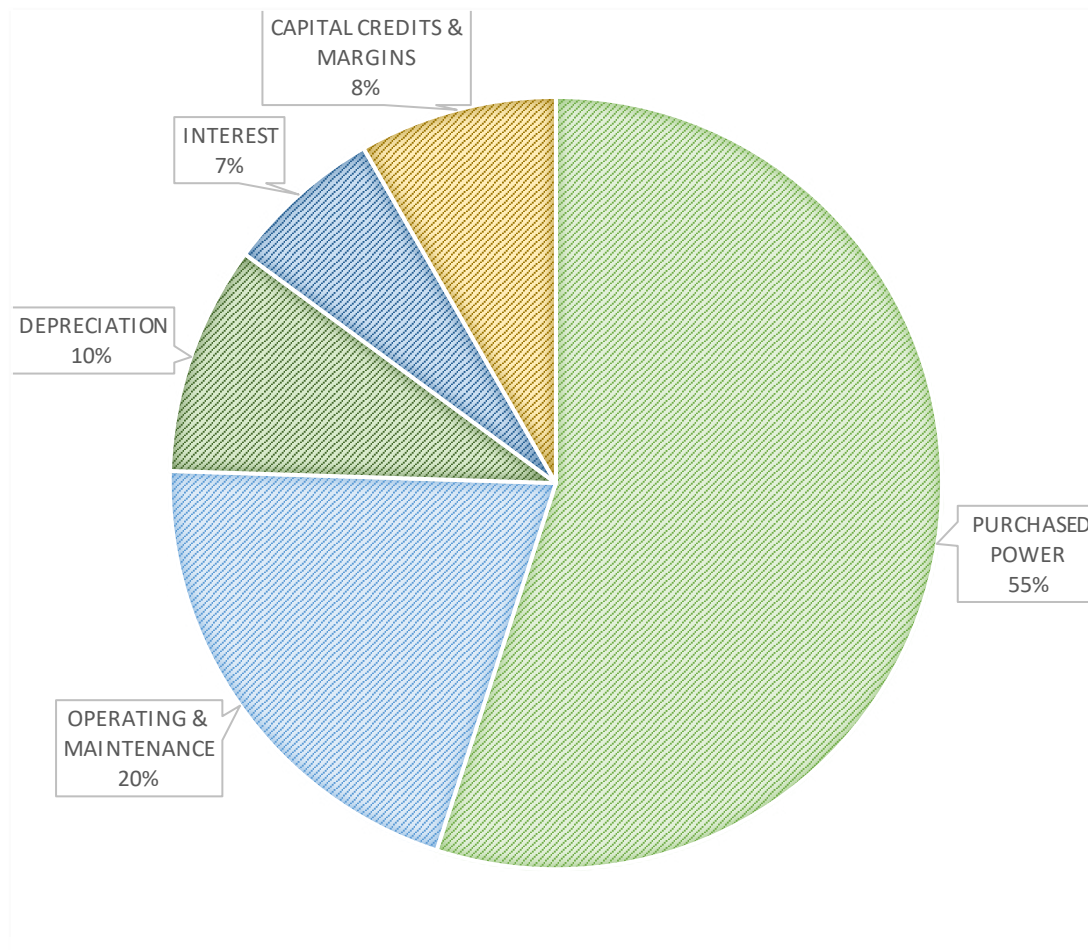
Comparative Statistics

	2016	2017
KWh Purchased	253,110,128	259,517,813
Cost of Power Purchased	\$12,821,813	\$14,078,273
KWh Sold	233,532,429	242,280,094
KWh Billing	\$22,101,508	\$23,484,637
Average Bill	\$110.39	\$115.94
Miles Energized	4,943	4,967
Meters Connected	16,684	16,880
Average KWh Used	1,166	1,196
New Services Connected	234	237
Miles of New Construction	8.24	6.15
Man-hours Worked	104,364	97,026
Employees	45	44
Miles Driven by Cooperative Vehicles	483,523	478,854
Hours Lost Due to Accidents	-	-
Number Lost-time Accidents	-	-
Hours Worked Since Last Lost-time Accident	258,109	355,135

Where Your Revenue Came From in 2017

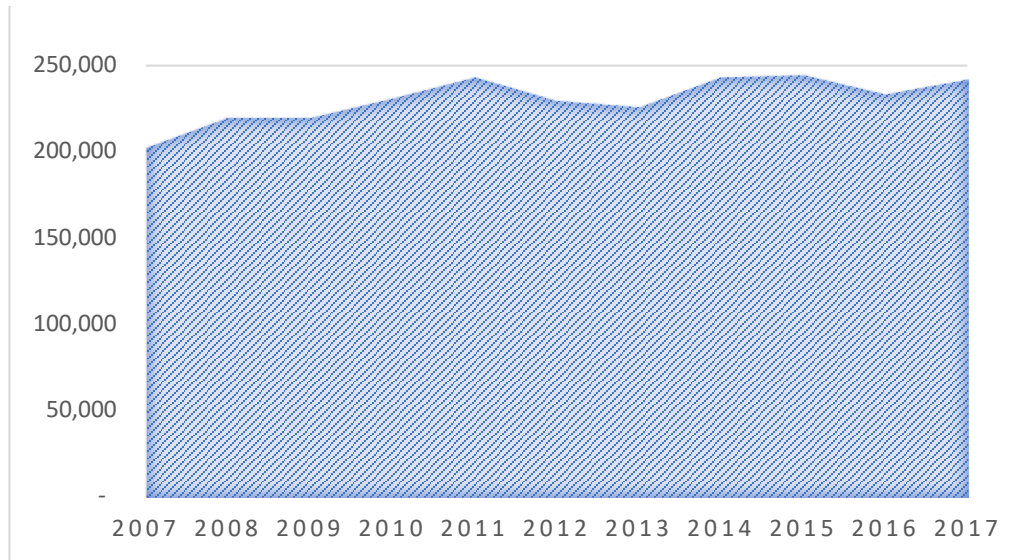


Where Your Revenue Went in 2017

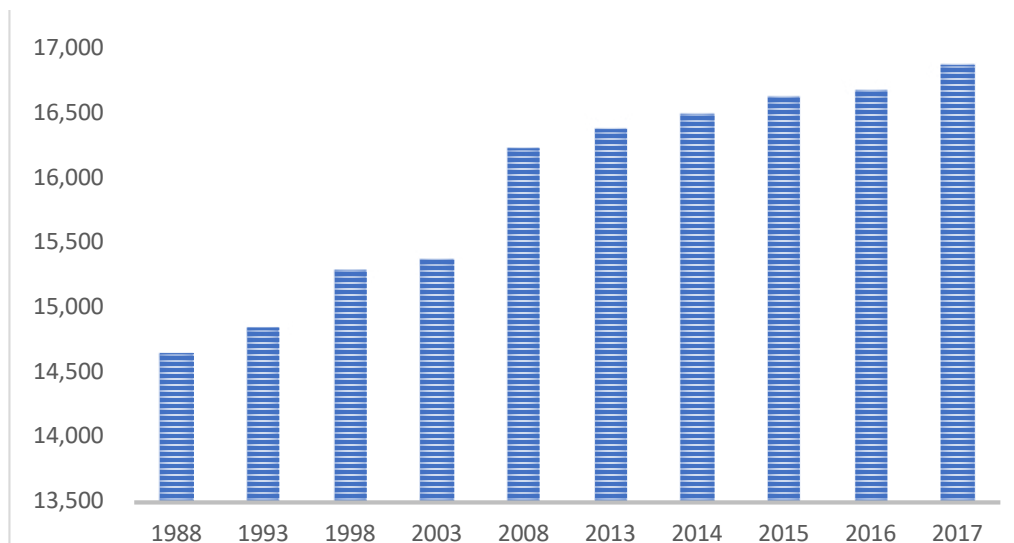


KWH Sales

In Thousands - Last Ten Years

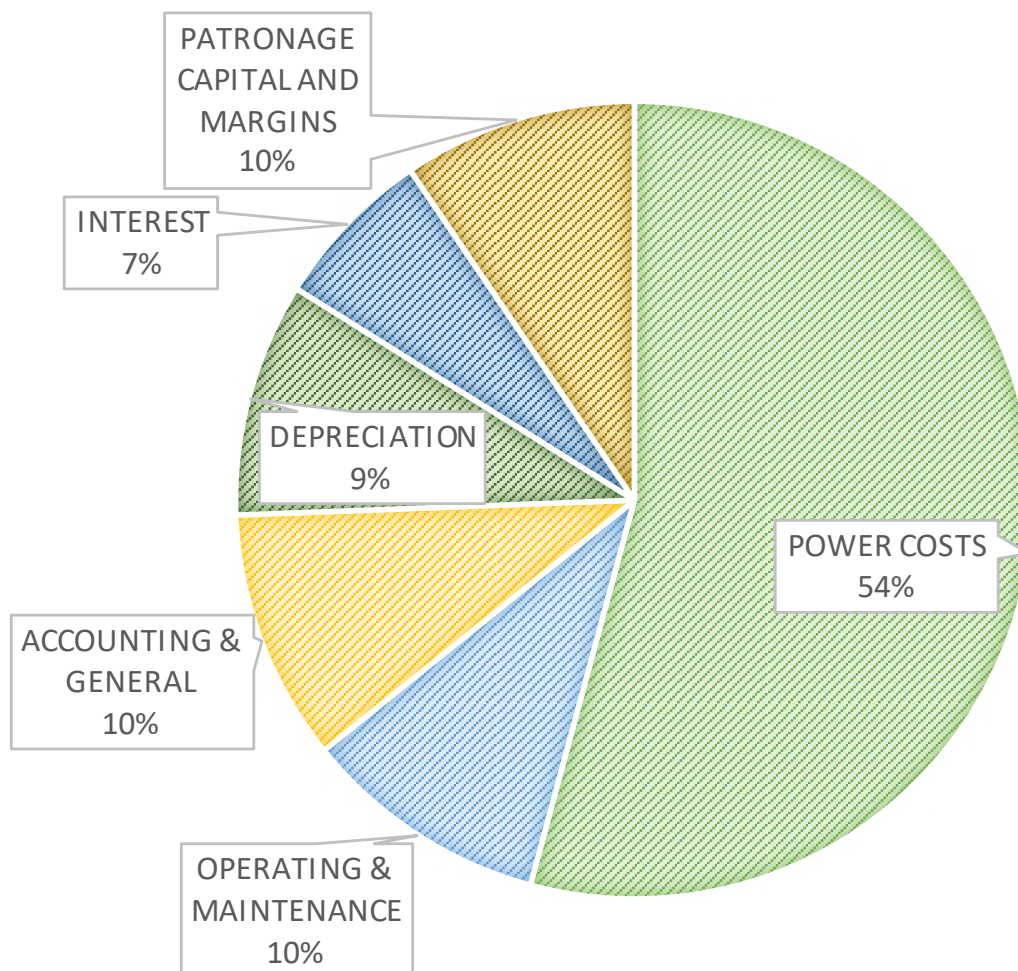


Meters Connected



Uses of Revenue

Year 2017



Your CECA Employees

37 Years

WILLIAM WORKS

Working Crew Foreman

36 Years

EDDIE STRUBE

Director of Outside Operations

35 Years

LARRY MORGAN

District Foreman

BOBBY REED

1st Class Lineman

31 Years

LARRY HATLEY

Safety Coordinator

28 Years

KELLIE DETERS

Director of Inside Operations

SHIRLEY DUKES

Communications/Public Information
Specialist

22 YEARS

KENDALL KEITH

1st Class Lineman

21 Years

BRENDA CARROLL

Payroll/Accounts Payable Specialist

JIM LESTER

Engineering/Mapping Supervisor/
Dispatch

20 Years

ALAN LESLEY

General Manager

TIMOTHY PALLETTE

1st Class Lineman

19 Years

JENNIFER HANSON

Dispatch/System Operator

SHELLEY THEDFORD

Billing Supervisor/Collection Officer

18 Years

PAM MCCLAIN

Dispatch

17 Years

CHAD NEWMAN

Grounds Maintenance

16 Years

GREG BEATY

1st Class Lineman

ORACIO LOPEZ

Service Lineman

TOMMY PATTERSON

Meter Technician

15 Years

KEITH STEWARD

Lineman/Power Quality

13 Years

BRANDON COOK

1st Class Lineman

DALE OGLE

Warehouse

12 Years

CHAD FOREMAN

Director of IT

11 Years

RACHEL FORD

Human Resource Specialist/Benefit
Admin

GUY CLAWSON

Staking Technician

11 Years

JUSTIN RILEY

Working Crew Foreman

SCOTT RUTLEDGE

1st Class Lineman

ADAM TALLY

Service Lineman

8 Years

DAVID CISNEROZ

PC Specialist

TOMMY HESBROOK

1st Class Lineman

6 Years

ELIZABETH

WEATHERMON

Assistant Accountant

5 Years

JAKE SCHWARTZ

Service Lineman

4 Years

RYAN HARRIS

3rd Class Lineman

4 Years

**BRANDON KIDWELL
SHANE KINNAMON**

Dispatch

3 Years

RILEY HILLIARD

Member Service Representative

MARIZA MARTINEZ

Customer Service Representative

JOSH WALLS

3rd Class Lineman

2 Years

MIRNA HERNANDEZ

Customer Service Representative

1 Year or Less

MARISOL FLIGHT

Customer Service Representative

NIC ZAVALA

**TRENT TAYLOR
KLAY STRICKLAND
MATTHEW MAJORS
AUSTIN BAUGH**

Apprentice Lineman

DYLON POWELL

2nd Class Lineman

OVER THE YEARS, the cooperative has attracted and kept employees who are loyal and dedicated to the work of bringing dependable electric service to the members. We have some employees with many years of experience and expertise, some who have fewer years of experience and are training for additional responsibilities and some who are just beginning. Employees listed represent 616 years of experience.

Employee Service Awards

35 Years

Larry Morgan

Larry began his career 35 years ago as a groundman, and has worked his way up through the ranks to System Distribution Coordinator. Larry and his wife Lindy have two grown sons and two grandsons who are the light of their lives. Larry umpires in his free time and enjoys anything sports related. Larry says “It’s a wonderful place to work. I really enjoy it or I wouldn’t have been here for 35 years!”



Bobby Reed

Bobby began his career with CECA in 1983. He is a 1st Class Lineman in our Eastland territory. Bobby is married to his wife Juliana and they reside in Eastland. Together, they have 5 grandchildren, all of whom they are extremely proud of. Bobby’s hobby is working out, particularly on his bicycle. He teaches spin classes and weightlifting classes at the Wellness Center in Eastland. Bobby is a member of the First Baptist Church of Eastland.

20 Years

Alan Lesley

Alan began working with CECA in 1998 After graduating from Tarleton State University. Since that time he has held various positions, including Member Services, Human Resources, Assistant Manager, and his current position of General Manager. He and his wife Wendy reside in the Blanket area with their two daughters, Morgan and Aryn, and are members of the Salt Creek Baptist Church.



Tim Palette

Tim has been a lineman with CECA since 1998. “I love my job and enjoy the type of work I do as a lineman,” says Tim. Tim and his wife Holly have two sons, Ethan and Eli, and one daughter, Everlee. The family resides in Owens. When not at work, Tim enjoys spending time with his family, hunting, fishing, and playing sports.

15 Years

Keith Steward

Keith began his career at CECA as a groundman in 2003. His title currently is Lineman/Power Quality. He and his wife Whitney reside in the Blanket area with their two daughters. In his spare time he enjoys traveling, hunting, fishing and kayaking.



5 Years

Jake Schwartz

Jake is a first class lineman with CECA, having worked his way up from groundman in 2013. He and his family live in Comanche. When not at work, Jake enjoys spending time outdoors with his family and working around the house.





**Join us in October 2019 for the
81st Annual Meeting at our new location
on Industrial Boulevard in Comanche!**



**Great food, entertainment, prizes,
tours of the new building,
and something fun for the little ones!**



201 W Wrights Avenue
PO Box 729
Comanche Texas 76442
800-915-2533
www.cecacoop.com

With Revisions Through 2015

BYLAWS

COMANCHE COUNTY ELECTRIC COOPERATIVE ASSOCIATION
Serving Comanche, Eastland, Brown, Stephens, Callahan, Shackelford and Mills Counties

BYLAWS
Includes June 2015 Revisions

The aim of Comanche 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. The rules of procedure for the Cooperative strictly adhere to Robert’s Rule of Parliamentary Procedure.

ARTICLE 1
MEMBERS

Section 1.1 QUALIFICATIONS AND OBLIGATIONS.

Any person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision thereof, or any body politic may become a Member of the Cooperative by:

- 1) making written application for membership therein;
- 2) paying the membership fee hereinafter specified;
- 3) agreeing to purchase from the Cooperative electric energy as hereinafter specified; and
- 4) agreeing to comply with and be bound by: a) the Articles of Incorporation of the Cooperative; b) these Bylaws; c) the Cooperative’s service rules and regulations; d) the Cooperative’s rate or price schedules; and e) all rules, regulations, requirements, guidelines, procedures, policies, programs, determinations, resolutions, or actions taken, adopted, promulgated, or approved by the Board of Directors (“Board”).

No person or entity may own more than one (1) membership in the Cooperative.

A husband and wife may jointly become a Member and their application for a joint membership may be accepted in accordance with the foregoing provisions of this Section, provided the husband and wife comply jointly with the provisions of the above subdivisions 1), 2), 3), and 4), unless otherwise specified.

Membership List. The Cooperative shall maintain a record of current Members in a form permitting the Cooperative to alphabetically list the names and addresses of all Members (“Membership List”). Except as otherwise provided in these Bylaws, the Cooperative will not release, disclose, or disseminate personally identifiable, proprietary, or confidential

information regarding a Member.

Except as otherwise provided in these Bylaws or by the Board in advance and in writing, a Cooperative membership, and a right or privilege associated with the Cooperative membership, may not be sold, purchased, assigned, disposed of, acquired, or otherwise transferred.

Section 1.2 MEMBERSHIP FEE.

The membership fee and agreement for electric service shall be specified in the tariff of the Cooperative as approved by the Board. Upon payment of such fee and signing the service agreement, as well as such other fees, contributions and deposits as may be required by the tariff of the Cooperative, the Members shall be eligible for a service connection.

Section 1.3 PURCHASE OF ELECTRIC ENERGY.

Each Member shall, as soon as electric energy shall be available, purchase from the Cooperative electric energy purchased for use on the premises specified in his, her, or its application for membership, and shall pay therefore at rates which shall from time to time be fixed by the Board.

Production or use of electric energy on such premises, regardless of the source thereof, by means of facilities which shall be interconnected with Cooperative facilities, shall be subject to appropriate regulations as shall be fixed from time to time by the Board.

It is expressly understood that amounts paid for electric energy in excess of the cost of services shall be considered furnished by Members as capital, and each Member shall be credited with the capital so furnished as provided by these Bylaws. Each Member shall also pay all amounts owed to the Cooperative as and when the same shall become due and payable.

Interruption of Cooperative Service. The Cooperative shall provide Cooperative services to Members in a reasonable manner. The

Cooperative, however, does not insure, guarantee, or warrant that it will provide adequate, continuous, or non-fluctuating electric energy or other Cooperative Services. The Cooperative is not liable for damages, costs, or expenses, including attorney fees or legal expenses, caused by the Cooperative providing inadequate, non-continuous, or fluctuating electric energy or other Cooperative service, unless the damages, costs, or expenses are caused by the Cooperative's gross negligence or willful misconduct. The Cooperative's responsibility and liability for providing a Cooperative service terminate upon delivery of the Cooperative service to a Member.

Safe and Protected Operation of Cooperative. A Member shall take or omit an act required by the Cooperative to safely, reliably, and efficiently operate the Cooperative and provide a Cooperative service, which act involves:

- 1) a location occupied by the Member and to or for which the Cooperative provides a Cooperative service;
- 2) real or personal property in which the Member possesses a legal or equitable right or interest ("Member Property");
- 3) Cooperative equipment; or
- 4) Member equipment connected to Cooperative Equipment. A Member shall: 1) protect Cooperative equipment and Member equipment connected to Cooperative equipment; and 2) install and maintain a protective device, and implement and follow a protective procedure, required by the Cooperative. As necessary to safely, reliably, and efficiently operate the Cooperative and provide a Cooperative Service, the Cooperative may temporarily suspend or terminate provision of a Cooperative service. A Member shall not tamper with, alter, interfere with, damage, or impair Cooperative equipment. Except as otherwise provided by the Board, the Cooperative owns all Cooperative equipment.

Grant of Property Rights. As required by the Cooperative for a Cooperative purpose, a Member shall: 1) provide the Cooperative safe and reliable access to or use of Member Property; and 2) pursuant to terms and condition specified by the Cooperative, and without compensation from the Cooperative, grant or convey to the Cooperative a written easement, right-of-way, license, or other right or interest in Member Property, and execute a document regarding this grant or conveyance.

A "Cooperative Purpose" is, at any time:

- 1) purchasing, installing, constructing, inspecting, monitoring, operating, repairing, maintaining, removing, relocating, upgrading, or replacing Cooperative Equipment or Member Equipment connected to Cooperative Equipment;

- 2) providing a Cooperative service to a Member or one (1) or more other Members;
- 3) monitoring, measuring, or maintaining a Cooperative service provided to a Member or one (1) or more other Members; and
- 4) reasonably necessary to satisfy or facilitate another entity's use of Cooperative Equipment for the public good.

Section 1.4 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 as a result of membership alone.

Section 1.5 TERMINATION OF MEMBERS.

Suspension or Termination of Cooperative Services. After providing a Member reasonable notice and an opportunity to comment orally or in writing, the Cooperative may suspend or terminate the provision of a Cooperative service to the Member for a suspension reason. Without providing a Member notice or an opportunity to comment, the Cooperative may suspend or terminate the provision of a Cooperative service to the Member upon determining or discovering:

- 1) that Cooperative equipment used to provide the Cooperative service has been tampered with, altered, interfered with, damaged, or impaired;
- 2) that Member equipment connected to Cooperative equipment adversely impacts the Cooperative's ability to safely, reliably, and efficiently operate the Cooperative or provide a Cooperative service;
- 3) the unsafe condition of Cooperative equipment or Member equipment connected to Cooperative equipment; or
- 4) an imminent hazard or danger posed by Cooperative equipment or Member equipment connected to Cooperative equipment.

As requested by the Cooperative, a Member shall: 1) submit a claim or dispute between the Member and the Cooperative regarding the Governing Documents, the Cooperative's provision of a Cooperative service, or the Member's use of a Cooperative service to mediation; and 2) indemnify the Cooperative for, and hold the Cooperative harmless from, liabilities, damages, costs, or expenses, including reasonable attorney fees and legal expenses, incurred by the Cooperative, or by a Cooperative Director, Officer, employee, agent or representative ("Cooperative Official"), and caused by the Member's negligence, gross negligence, or willful misconduct, or by the unsafe or defective condition of a location

occupied by the Member.

Section 1.6 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 reasonably prescribe.

Section 1.7 TRANSFER AND TERMINATION OF MEMBERSHIP.

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, provided however, that the Cooperative shall deduct from the amount of the membership fee the amount of any debts or obligations owing from the Member to the Cooperative.

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.

Section 1.8 MEMBER'S NOTICE OF BYLAWS.

Each Member of the Cooperative is presumed to have knowledge of these, the Cooperative's Bylaws, a copy of same, with amendments thereto, having been delivered to each such Member.

ARTICLE 2 MEETINGS

Section 2.1 ANNUAL MEETINGS.

The Annual Meeting of Members shall be held at such time during each month of October as the Board of Directors may direct and such meeting shall be held at Comanche, Texas, unless otherwise specified by the membership at the Annual Meeting, in which case, the next succeeding Annual Meeting shall be held any place within the territorial service area served by the Cooperative, as may be decided by the membership, for the purpose of electing Directors, passing upon reports of the previous fiscal year and transacting such other business as may come before the meeting.

If election of Directors should not be held upon the day designated or determined for annual meeting, or before adjournment thereof, then the

Board of Directors shall cause such election to be held at a special meeting of the Members within sixty (60) days thereafter. Failure to hold an annual meeting at the designated time or any irregularity in the holding thereof shall not work a forfeiture or dissolution of the Cooperative and shall not void matters taken up and disposed of at such meeting; however, such matters are voidable upon a reasonable showing of resultant harm to any Member.

At the Annual Member Meeting: 1) the President shall provide a written and/or oral report regarding the activities of the Cooperative; and 2) the Treasurer shall provide a written and/or oral report regarding the financial condition of the Cooperative.

Agenda, Attendance, and Action at Member Meetings. Except as otherwise provided in these Bylaws, before or at an Annual, Regular, or Special Member Meeting ("Member Meeting"), the Board:

- 1) shall determine the agenda, program, or order of business for the Member Meeting;
- 2) may limit attendance at the Member Meeting to Members; and
- 3) may exercise power reasonably necessary for efficiently and effectively conducting the Member Meeting.

Except as otherwise provided by the Board before or at a Member Meeting, Members attending the Member Meeting may consider, vote, or act only upon a matter described in the notice.

Section 2.2 SPECIAL MEETINGS.

Special meetings of the Members may be called by the President, by the Board of Directors, or by a majority thereof, by a petition signed by not less than one-tenth (1/10) of all Members or such other Officers or persons as may be provided in the Articles of Incorporation or Bylaws, 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 territorial area served by the Cooperative, as shall be specified in the notice of the special meeting.

Anything herein to the contrary notwithstanding, should circumstances transpire so that an insufficient number of Board Members remain to call a special meeting, then and in that event a special meeting can be called by either the attorney for the Cooperative or by the Chief Financial Officer of the Cooperative, with the same notice provisions as those provided for any special meeting.

Section 2.3 NOTICE OF MEMBERS' MEETING.

Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting, 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, or its address as same appears on the records of the Cooperative, with postage thereon prepaid. The failure of any Member to receive notice of an annual or special meeting of the Members shall not invalidate any action which may be taken by the Members at such meeting.

Section 2.4 QUORUM.

At least one hundred fifty (150) of the Members present in person shall constitute a quorum for the transaction of business at all annual meetings. If less than a quorum is present at any meeting, a majority of those present may adjourn the meeting from time to time without further notice.

If less than the Member Quorum are present in person at a Member Meeting, then a majority of Members attending the Member Meeting in person may adjourn the Member Meeting to a date no more than ninety (90) days following the original Member Meeting.

Section 2.5 VOTING.

For the purpose of voting, each Member of the Cooperative shall be entitled to one (1) vote, upon each matter submitted to a vote at a meeting of the Members. At all meetings of the Members at which a quorum is present, all questions shall be decided by a vote of a majority of the Members voting thereon in person, except as otherwise provided by law, the Articles of Incorporation of the Cooperative, or these Bylaws. In case of a joint membership, either the husband or wife may vote, but only one may vote.

- 1) No person or entity shall have the right to vote at any meeting unless such person or entity is then a Member and is paying at least a minimum bill.
- 2) Ballots may be received from Members voting in person or by mail if authorized by the Board of Directors.
- 3) At the annual meeting of the membership, the President shall appoint three (3) persons to serve as election judges, who shall be competent and trustworthy Members of this Cooperative, but not an Officer or Director thereof, who shall be charged with the duty of conducting the election of Directors or other matters being voted on and certifying the results thereof, and who shall be responsible for the conduct of the election and the preservation of the ballots.

The election judges so appointed shall have the authority to appoint such persons as they may deem necessary for the purpose of

counting the ballots.

All ballots shall be placed and stored in a substantial metal box, securely locked, and shall remain in the custody of said election judges until said ballot box shall be ordered to be emptied by the Board of Directors. Should no contest of the election and no question as to its validity be raised within thirty (30) days from the date of the election, then the election judges shall turn said ballot box over to the Board of Directors and the Board of Directors shall cause said ballot box to be emptied and its contents destroyed.

At a Member Meeting, the individual presiding over the member vote may require the members to vote by voice. If the individual presiding over the Member vote determines, in good faith, that a voice vote is not sufficient to accurately determine the vote results, then the Members shall vote by written ballot, or by any other reasonable manner determined by the individual presiding over the Member vote. Members may not cumulate votes.

Section 2.6 NO PROXIES.

Members shall vote in person or by mail-in ballot if authorized by the Board of Directors at the Annual Meeting. No Proxy voting shall be allowed.

Section 2.7 ORDER OF BUSINESS.

The order of business at the Annual Meeting of the Members, and so far as possible at all other meetings of the Members, shall be essentially as follows:

- 1) Report on number of Members present in person or voting by mail-in ballot if authorized by the Board of Directors in order to determine the existence of a quorum. Persons voting by mail shall be counted as present.
- 2) Reading of the notice of the meeting and proof of the due publication or mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be.
- 3) Reading of unapproved minutes of previous meetings of the Members and the taking of necessary action thereon.
- 4) Presentation and consideration of, and acting upon, reports of Officers, Directors and committees.
- 5) Election of Directors.
- 6) Unfinished business.
- 7) New business.
- 8) Adjournments.

Section 2.8 COMPLAINTS, CONTEST AND PROTESTS.

The Board of Directors of this Cooperative is hereby declared to be the judge of the election and qualifications and tenure of the Members of said Board of Directors, subject only to the provisions of Section 2.5, of these Bylaws. Any Member of this Cooperative, hereafter desiring to complain of any irregularity in any election of any of the Members of said Board of Directors, or to contest any such election, shall file his complaint or protest with the Secretary within ten (10) days from the date of said election. Any such complaint or protest in connection with an election, or any complaint or protest against the management of said election, or similar complaint, shall be made in writing and shall state clearly and concisely the grounds for such complaint, contest, or protest. It shall be signed by the complainant and sworn to by the complainant before a Notary Public or other Officer qualified to administer oaths. Such complaint shall also set forth a list of the names and residences of the witnesses, if any, who will testify in support of such complaint, contest, or protest.

Upon receipt of such complaint, contest, or protest, the Secretary shall present same to the Board of Directors at its next regular or special meeting, whereupon the Board of Directors shall set a time and place for the hearing of such complaint, contest, or protest. It shall summon and request the witnesses named in such complaint, contest, or protest to appear before it at such meeting, and may summon such other witnesses as in the discretion of the Board are necessary. Said witnesses shall be placed under oath by an Officer authorized to administer oaths, and their testimony shall either be taken down by a shorthand reporter, or a brief written statement of same made and subscribed by the witnesses.

The Board of Directors as a whole shall conduct the hearing and consider the evidence. The Counsel for the Cooperative shall attend such meeting and shall conduct the questioning of the witnesses on behalf of the Board. The person or persons against whom the complaint, contest, or protest is directed shall have the right to be present at the meeting, in person or by counsel, and shall have the right to present witnesses in his, her or its behalf, and shall have the right to examine and/or cross-examine all witnesses.

After a full hearing of the complaint, contest, or protest, the Board of Directors shall weigh and consider all evidence presented, and shall take such action upon such complaint, contest, or protest as may be justified by the evidence presented, in the opinion of said Board of Directors

ARTICLE 3 DIRECTORS

Section 3.1 GENERAL POWERS.

The business and affairs of the Cooperative shall be managed by a Board of seven (7) Directors which shall exercise all the powers of the Cooperative or by these Bylaws not conferred upon or reserved exclusively to the Members.

Except as otherwise provided in these Bylaws: 1) Cooperative powers must be exercised by the Board, or under the Board's authority; and 2) Cooperative affairs must be managed under the Board's direction.

Section 3.2 QUALIFICATIONS AND TENURE.

- (a) No Member shall be eligible to become or remain as Director or to hold any position of trust in the Cooperative who is not 1) a bona-fide resident in the area served by the Cooperative; 2) receiving electric service from the cooperative at their primary residence; or 3) 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, or supplies to the Members of the Cooperative; and 4) no person shall take or hold office as a Director who is the incumbent or elected to public office in connection with which a salary is paid.
- (b) 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 except that the spouse is not required to be a residence of the area served by the Cooperative. Nothing contained in this section shall be construed to affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.
- (c) No employee or former employee shall be eligible to serve as Director until fifteen (15) years have elapsed from date of termination or retirement of employment.

Section 3.3 DISTRICTS PLAN.

Districts Described. The territory served or to be served by the Cooperative shall be divided into seven (7) Districts, and each District shall be represented by one (1) Director who is a resident of that District. Said seven (7) Districts shall be as follows:

- District 1 - Comanche County (Highway 16 north of Comanche, thence east to Highway 36).
- District 2 - Comanche County (Highway 36 east from Comanche, thence south and west to

District 3 -	Highway 36). Comanche County (Highway 36 northwest from Comanche thence east to Highway 16).
District 4 -	Mills County plus that portion of Brown County south of Highway 67 and including that portion of Brown County west or south of Pecan Bayou.
District 5 - or north of Pecan Bayou.	Brown County north of Highway 67 and east
District 6 -	Eastland and Callahan counties less that portion of Eastland County east or north of Highway 6.
District 7 -	Stephens and Shackelford counties plus that portion of Eastland County east or north of Highway 6.

Not less than seventy (70) nor more than ninety (90) days before the annual meeting of the Members in each year for the election of Directors, the board of Directors shall review the composition of the several Districts and if it should be found that inequalities in representation have developed which can be corrected by a re-delineation of Districts or by the addition of Districts, the board of Directors shall reconstitute the Districts.

Director Terms. A Director's term begins: 1) after the individual consents to being elected or appointed as a Director; and 2) at the beginning of the first Board Meeting held after the Director is elected or appointed. A Director's term ends after: 1) a successor Director consents to being elected or appointed as a Director; and 2) at the beginning of the first Board Meeting held after a successor Director is elected or appointed. Directors' terms shall be three (3) years. Directors shall be elected on a staggered-term basis.

Director Resignation. A Director may resign at any time. To resign, a Director must sign and deliver a written notice of resignation to the Board, President, or Secretary. Except as a later date is otherwise provided in a written notice of resignation, a Director's resignation is effective when the Board, President, or Secretary receives the written notice of resignation. If a Director's resignation is effective at a later date and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be filled before the effective date of the Director's resignation.

Nomination of Directors. Not less than thirty (30) nor more than ninety (90) days before the annual meeting of Members for the election of Directors, the Board of Directors shall call a meeting or meetings of the Members of such Districts as are to have vacancies for Director, such meetings to be held not less than twenty (20) days prior to the annual meeting of the Members at suitable places in the Districts affected.

The purpose of the District meetings shall be to nominate, by vote of those Members present in person, no more than two candidates for each vacancy occurring on the Board of Directors. Notice of each District meeting of Members shall be given by the Secretary for such length of time and in such manner as the Board of Directors may direct provided that a written notice stating the place, day and hour and the purpose of such meeting, shall be published in a publication, not less than ten (10) days prior to such District Meeting. Such District Meetings however, 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 first order of business at each District Meeting shall be the selection of a Chairman, who shall appoint a Secretary to act for the duration of the meeting. Fifteen (15) of the Members residing in the District 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 may be made from the floor at the annual meeting and any Member residing in the District shall have the right to nominate one candidate which must be seconded by a Member from that District. The meeting shall remain open for nominations until no further nominations are forthcoming, but in no case more than five minutes. Candidates must be Members residing in the District and must possess the qualifications for Director specified in Section 3.2 of the Cooperative's Bylaws.

Voting shall be in person only. Mail-in ballot and proxy voting shall not be permitted at any District Meeting. Each Member present may vote for one nominee as above provided for such District. The two candidates for each place on the Board of Directors receiving the highest number of votes shall be the official nominees of the District. The minutes of such District meeting shall set forth, among other matters the name of each person nominated at the meeting and the number of votes received by each, and shall certify the two nominees receiving the highest number of votes as the official nominees 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 of the Cooperative shall prepare and post at the principal office of the Cooperative at least fifteen (15) days before the meeting of Members for the election of Directors, a list of nominations for Directors as shown by said certified copies of minutes of said District Meetings. The secretary shall mail with the notice of the meeting of the Members for election of Directors, or separately, but at least ten days prior to the meeting, a statement of the number of Directors to be elected and showing separately the nominations made by the respective Districts.

Section 3.4 DIRECTOR DISQUALIFICATIONS.

After being elected, designated, or appointed, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, “Director Qualifications”), then, except as otherwise provided by the Board for good cause, the Board shall disqualify the Director and the individual is no longer a Director if:

- 1) the Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding, the Board’s proposed disqualification; and
- 2) within thirty (30) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.

Section 3.5 MEMBER’S REMOVAL OF DIRECTORS AND OFFICERS.

Any Member may bring a removal action against an Officer or Director by filing charges of misconduct, in writing with the Secretary, together with a petition signed by ten percent (10%) of the Members, requesting the removal of the Officer or Director in question. The removal action shall be voted on at the next regular or special meeting of the Members and any vacancy created by removal may be filled by the Board at it’s the next regular meeting. The Director or Officer against whom such removal action has been brought shall be informed in writing of the charges of misconduct at least forty-eight (48) hours prior 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. An affirmative vote of two-thirds (2/3) of the Members attending the meeting shall be required for the removal of the Officer or Director.

Section 3.6 DIRECTOR ABSENCES.

Any Director absent for three (3) consecutive regular meetings of the Board of Directors without legitimate excuse acceptable by the majority of the remaining Directors shall be automatically suspended from serving on the Board of Directors, subject to reinstatement by unanimous consent of the remaining Directors, provided however, such reinstatement must become effective before a new Director shall have been appointed or elected.

Section 3.7 DIRECTOR RESIGNATION.

A Director of the Cooperative may resign his or her seat at any time, effective immediately, or at such time as he or she may designate upon notice of such resignation given in writing or in open meeting of the Board of Directors. Any such vacancy so created shall be filed in accordance with these Bylaws.

Section 3.8 VACANCIES.

Director Vacancy. Except as otherwise provided in these Bylaws:

- 1) by an affirmative vote of the majority of the remaining Directors and within two (2) months of a Director position becoming vacant, the Board shall fill the vacant Director position; and
- 2) a Director elected or appointed by the Board to fill a vacant Director position must comply with the Director Qualifications.

Director vacancies occurring in the Board of Directors shall be filled by a majority vote of the remaining Directors and Directors thus elected shall serve for the full unexpired portion of the vacating Director’s term.

Section 3.9 COMPENSATION.

Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors a fixed sum and expense of attendance, if any, may be allowed for attending a:

- 1) Board Meeting;
- 2) function, meeting, or event involving or relating to the Cooperative; or
- 3) function, meeting, or event involving, relating to, or reasonably enhancing the Director’s ability to serve in, the role of Director.

Director Standard Conduct. A Director is not deemed a trustee regarding the Cooperative or property held or administered by the Cooperative, including property potentially subject to restrictions imposed by the property’s donor or transferor. A Director shall discharge the Director’s duties, including duties as a Board Committee member: 1) in good faith; and 2) in a manner the Director reasonably believes to be in the Cooperative’s best interests.

Section 3.10 RULES AND REGULATIONS.

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with the law, the Articles of Incorporation of the Cooperative, or these Bylaws, as it may deem advisable

for the management, administration and regulation of the business and affairs of the Cooperative.

Section 3.11 ACCOUNTING SYSTEM AND REPORTS.

The Board of Directors 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, 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, after the close of each fiscal year, cause to be made a full and complete audit of the accounts, books and financial condition of the Cooperative as of the end of such fiscal year. Such audit reports shall be submitted to Members at the next following annual meeting.

Section 3.12 CHANGE IN RATES.

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

Section 3.13 PERSONNEL AND EMPLOYMENT.

In addition to all other power herein provided for, the Board of Directors shall have the power to adopt personnel, employment and tenure of office policies with reference to the employees of the Cooperative, as may be necessary or advisable to insure employment of proper personnel by the Cooperative and as may be necessary or advisable to insure reasonable working conditions and fair employment practices among and with such employees. This shall include the power to enter into employment contracts with managerial, supervisory, or professional employees for periods of time not exceeding two (2) years, together with the power to bargain collectively with employees, if same be required by the National Labor Relations Board.

ARTICLE 4 MEETINGS OF DIRECTORS

Section 4.1 REGULAR MEETINGS.

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

Section 4.2 SPECIAL MEETINGS.

Special meetings of the Board of Directors may be called by the

President or any three (3) Directors. The person or persons authorized to call special meetings of the Board of Directors may fix the time and place for the holding of any special meeting of the Board of Directors called by them.

Section 4.3 NOTICE.

Notice of the time, place and purpose of any special meeting of the Board of Directors shall be given at least five (5) days previous thereto, by written notice, delivered personally or mailed, to each Director at his or her last known address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail properly addressed, with postage thereon prepaid. The attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except in a case where 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 4.4 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 present may adjourn the meeting for another time without further notice.

Section 4.5 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 unless otherwise specified by these Bylaws.

ARTICLE 5 OFFICERS

Section 5.1 OFFICER POSITIONS.

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

A Required Officer must be a Director. Except as otherwise provided by Law, this Director may not execute, acknowledge, or verify a document in more than one capacity. Subject to removal by the Board, a Required Officer holds office until the Required Officer's successor is elected.

Section 5.2 ELECTION AND TERM OF OFFICE.

The Officers shall be elected annually by and from the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of the Members. If the election of Officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient.

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 or her 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 5.3 REMOVAL.

Any Officer or agent elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Cooperative will be served thereby. Such removal shall be upon a majority vote of the Board of Directors.

Section 5.4 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 5.5 PRESIDENT.

Except as otherwise provided by the Board or Members or these Bylaws, the President:

- 1) shall preside, or designate another individual to preside, at all Board and Member Meetings;
- 2) on the Cooperative's behalf, may sign a document properly authorized or approved by the Board or Members; and
- 3) shall perform all other duties, shall have all other responsibilities, and may exercise all other authority, prescribed by the Board or Members.

Section 5.6 VICE-PRESIDENT.

In the absence of the President, or in the event of his or 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 or her by the Board of Directors.

Section 5.7 SECRETARY.

Except as otherwise provided by the Board or Members or these Bylaws, the Secretary:

- 1) keep the minutes of the meetings of the members and the Board of Directors in one or more books provided for that purpose;
- 2) see that all notices are duly given in accordance with these Bylaws or as required by law;
- 3) 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 documents, the execution of which on behalf of the Cooperative under its seal is duly authorized, in accordance with the provisions of these Bylaws;
- 4) keep a register of the post office address of each member which shall be furnished to the Secretary by such members;
- 5) have general charge of the books of the Cooperative in which a record of the members is kept;
- 6) 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 upon request; and
- 7) 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 or her by the Board of Directors.

Section 5.8 TREASURER.

The Treasurer shall, in general, perform all the duties incident to the office of Treasurer and such other duties as from time to time be assigned to him or her by the Board of Directors.

Section 5.9 MANAGER.

The Board of Directors may appoint a Manager who may be, but who shall not be required to be, a Member of the Cooperative. The Manager shall perform such duties as the Board of Directors may from time to time require of him or her and shall have such authority as the Board of Directors may from time to time vest in him or her.

Section 5.10 BONDS OF OFFICERS.

At the Cooperative's expense, the Cooperative may purchase a bond covering a Cooperative Official or employee.

Section 5.11 COMPENSATION.

The powers, duties and compensation of any Officers, agents and employees shall be fixed by the Board of Directors.

Section 5.12 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.

Section 5.13 INDEMNIFICATION FOR EXPENSES AND LIABILITY.

Every Director and Officer of the Cooperative who was wholly successful on the merits or otherwise, shall be indemnified by the Cooperative against all judgments, penalties, fines, liabilities, amounts paid in settlement and reasonable expenses, including counsel fees actually incurred by or imposed upon him or her in connection with any proceeding to which he or she was, is or is threatened to be made a party, or in which he or she may become involved, by reason, in whole or in part, of being or having been a Director or Officer of the Cooperative, whether or not he or she is a Director or Officer, at the time such expenses are incurred, to the maximum extent consistent with the provisions of Article 2.22A of the Texas Non-Profit Corporation Act; provided that in the event of a settlement the indemnification herein shall apply only when the Board of Directors approves such settlement and reimbursement as being in the best interest of the Cooperative. The foregoing right of indemnification shall be in addition to and not exclusive of all other rights of which such Director or Officer may be entitled.

Section 5.14 POWER TO PURCHASE INSURANCE.

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

Section 5.15 CONTINUING OFFER, RELIANCE.

The provisions of this Article are for the benefit of, and may be enforced by, each Director and Officer of the Cooperative as a contract for valuable consideration and constitute a continuing offer to all present and future Directors and Officers of the Cooperative. The Cooperative, by the adoption of this Article agrees that each present and future Director and Officer of the Cooperative has relied upon and will continue to rely upon

the provisions of this Article in accepting, serving or continuing to serve as a Director or Officer.

Section 5.16 EFFECT OF AMENDMENT.

No amendment, modification or repeal of this Article or any provision hereof shall in any manner terminate, reduce or impair the right of any past, present or future Director or Officer of the Cooperative to be indemnified by the Cooperative, nor the obligation of the Cooperative to indemnify any such Director or Officer, under and in accordance with the provisions of the Article as in effect immediately prior to such amendment, modification or repeal with respect to claims arising from or relating to matters occurring, in whole or in part, prior to such amendment, modification or repeal, regardless of when such claims may arise or be asserted.

ARTICLE 6 CONTRACTS, CHECKS AND DEPOSITS

Section 6.1 CONTRACTS.

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

Section 6.2 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 by such Officer or Officers of the Cooperative and in such manner as shall from time to time be determined by resolution of the Board of Directors.

Section 6.3 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 8 PATRONAGE CAPITAL

Section 8.1 INTEREST OR DIVIDENDS ON CAPITAL PROHIBITED.

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

patrons.

Section 8.2 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, Members and non-Members alike, will through their patronage furnish capital for the Cooperative. In order to induce patronage and to assure that the Cooperative will operate on a non-profit basis the Cooperative is obligated to account on a patronage basis to all its patrons, Members and non-Members alike, 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, Members and non-Members alike, as capital.

The amounts of such patron's capital credits are to be determined on an annual basis by dividing the amount transferred to the patronage Capital Account for each year by the total electric bills of those who were patrons of the Cooperative in that year and applying the resulting percentage factor to the electric bill of each such patron.

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 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 a fiscal year notify each patron of the amount of capital so credited to his, her, or its account. All such amounts credited to the capital account of any patron shall have the same status as though paid to the patron in cash pursuant to a legal obligation to do so and the patron had then furnished the Cooperative corresponding amounts of capital.

Consistent with this Bylaw, the allocation of Capital Credits is in the discretion of the Board and the Board must determine the manner, method, and timing of allocating Capital Credits. The Cooperative may use or invest unretired Capital Credits as determined by the Board.

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 retirement of capital shall be made in a manner as specified by the Board of Directors for any respective year, adopted by an affirmative vote of two-thirds (2/3) of the membership of the Board of Directors and prescribing a policy for payment of capital credit on a basis consistent with the legal requirements for the payment of such capital credit. IN NO EVENT, HOWEVER, may any such capital be retired unless after the proposed retirement, the capital of the Cooperative shall be sufficient to meet the requirement of lending institutions and agencies.

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. In the event that a non-Member patron shall elect to become a Member of the Cooperative, the capital credited to the account of such non-Member patron may be applied by the Cooperative toward the payment of a membership fee on behalf of such non-Member patron.

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 natural person who is a patron, if the legal representatives of his or her estate shall request in writing that the capital credited to any such deceased patron be retired prior to the time such capital would otherwise be retired under the provisions of these Bylaws, to retire capital credited to any such deceased patron immediately upon such terms and conditions as the Board of Directors may designate. Estate Capital Credits will be subject to a four percent (4%) discount rate for up to twenty five (25) years.

The patrons of the Cooperative, by dealing with the Cooperative, acknowledge that the terms and provisions of the Articles of Incorporation and Bylaws shall constitute and be a contract between the Cooperative and each patron, and both the Cooperative and the 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.

Section 8.3 PATRONAGE ON CAPITAL ACCRUED FROM AFFILIATES.

The treatment of Capital Credits from an entity or affiliate, to which the Cooperative is a member, is in the discretion of the Board of Directors and the Board must determine any manner, method, timing of allocating, and payment of such Capital Credits. The Cooperative may use or invest retired or unretired Capital Credits as determined by the Board.

Section 8.4 PATRONAGE REFUNDS IN CONNECTION WITH FURNISHING OTHER SERVICES.

In the event that the Cooperative should engage in the business of furnishing goods or services other than electric energy, all amounts received and receivable therefrom which are in excess of costs and expenses properly chargeable against the furnishing of such goods or services shall, insofar as permitted by law be: 1) used to offset any losses incurred during the current or any prior fiscal year as determined by the Board and 2) used to establish reserves and other capital not assignable to the patrons prior to the dissolution of the Cooperative.

ARTICLE 9 WAIVER OF NOTICE

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

ARTICLE 10 DISPOSITION OF PROPERTY

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

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

Unless, however, such sale, mortgage, lease or other disposition or encumbrance is authorized at a meeting of the Members by the affirmative vote of at least two-thirds (2/3) of the Members voting thereon at such meeting in person, and the notice of such proposed sale, mortgage, lease or other disposition or encumbrance shall have been contained in the notice of the meeting; provided, however, that notwithstanding anything herein contained, the Board of Directors, without authorization by the Members, shall have full power and authority 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 property, assets, rights, privileges, licenses, franchises, and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues and income therefrom, all upon such terms and conditions as the Board of Directors shall determine, to secure any indebtedness of the Cooperative to the United States of America or any instrumentality or agency thereof, or to a national financing institution, organized on a cooperative plan for the purpose of financing its Member's programs, projects, and undertakings in which the Cooperative holds membership or to a federally insured State or Federally

chartered lending institution.

ARTICLE 11 FISCAL YEAR

The fiscal years of the Cooperative shall begin on the first day of January of each year and end on the thirty-first day of December of that year.

ARTICLE 12 MEMBERSHIP IN OTHER ORGANIZATIONS

The Board of Directors shall have the power and authority on behalf of the Cooperative to purchase stock in or to become a Member of any corporation or cooperative organized for the purpose of furthering rural electrification or benefiting the Members. The Board of Directors shall exercise the voting rights in any corporation or cooperative in which stock or membership is held by the Cooperative.

ARTICLE 13 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 14 AMENDMENTS

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

ARTICLE 15 USE OF ASSUMED NAME

The Cooperative may, by resolution of the Board of Directors adopted at a regular or special meeting of the Board of Directors resolve to operate under the assumed name of Comanche Electric Cooperative Association, Inc. and with the filing of Assumed Name Affidavit or Affidavits, as required by law, any acts done in such assumed name shall be the true and lawful act and deed of the Cooperative and shall be binding thereon.

ARTICLE 16 MISCELLANEOUS

Section 16.1 GOVERNING LAW.

These Bylaws must be governed by, and interpreted under, the laws of the State of Texas.

Section 16.2 PARTIAL INVALIDITY.

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

Section 16.3 CUMULATIVE REMEDIES.

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

Section 16.4 WAIVER.

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

STATEMENT OF NONDISCRIMINATION

Comanche County Electric Cooperative is the recipient of Federal financial assistance from the Rural Utilities Service, an agency of the U.S. Department of Agriculture, and is subject to the provisions of Title VI of the Civil Rights Act of 1964, as amended, Section 504 of the Rehabilitation Act of 1973, as amended, the Age Discrimination Act of 1975, as amended, and the rules and regulation of the U.S. Department of Agriculture which provide that no person in the United States on the basis of race, color, national origin, age, or handicap shall be excluded from participation in, admission or access to, denied the benefits of, or otherwise be subjected to discrimination under any of this organization’s programs or activities.

The person responsible for coordinating this organization’s non-discrimination compliance efforts is the Human Resource Manager. Any individual, or specific class of individuals, who feels that this organization has subjected them to discrimination may obtain further information about the statutes and regulations listed above from and/or file a written complaint with this organization; or the Secretary, U. S. Department of Agriculture, Washington, DC 20250; or the Administrator, Rural Utilities Service, Washington, DC 20250. Complaints must be filed within one hundred eighty (180) days after the alleged discrimination. Confidentiality will be maintained to the extent possible.



RANDY DENNING spent 26 years working in the distribution and transmission phases of the electric industry, and is now involved in a farming and ranching operation in Gustine. He also provides cattle hauling, working and catch services for area ranchers. Randy has been married to his wife, Pat, for 42 years. She is a kindergarten teacher at Comanche ISD. They have a son, Randall, who is a lineman for Hamilton County Electric Cooperative. Randy has completed all the courses required to receive his CCD-Credentialed Cooperative Director Certificate.

District #1

I cast my vote for

Randy Denning

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District #1

I cast my vote for



PHIL TAYLOR is currently serving as your Board's Vice-Chairman. Phil and his wife Katie live twelve miles southeast of Breckenridge near Necessity. They have six children between them with nine grandchildren. Phil retired in 2016 from Stephens Regional Special Utility District where he was employed for 24 years. Phil and his family continue to work the land his Great Grandfather obtained by Patent in 1876 and land his Grandmother's family purchased in 1883. Phil still has the old thirty-two-volt generator his Grandfather used to provide electricity to the family farmhouse before the "REA" came along. The Taylor family has long believed in the Co-op way of doing business.

District #7

I cast my vote for

Phil Taylor

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District #7

I cast my vote for



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Comanche Office
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Comanche Texas 76442

Open Mon-Fri
7:30 AM-4:30 PM

Early Office
1801 CR 338
Early Tx 76802

Open Mon, Wed, Fri
7:30 AM-1:00 PM
2:00 PM-4:30 PM

Eastland Office
1311 W Main
Eastland Tx 76448

Open Tues, Thurs
8:00 AM-4:00 PM