

**Amended and Restated
Articles of Incorporation
of
Taylor Electric Cooperative, Inc.**

PART I

Taylor Electric Cooperative, Inc. (the "Corporation", pursuant to the provisions of Articles 161.151 and 161.152 of the Texas Electric Cooperative Corporation Act (the "Act"), hereby adopts these Amended and Restated Articles of Incorporation (these "Articles". These Articles accurately state the text of the previous Articles of Incorporation and each Articles of Amendment thereto that are in effect as of the date of this filing, as further amended as described herein. The following provisions of the Corporations Articles are amended hereby: Article II is revised to update the purpose clause as permitted by the Electric Cooperative Corporation Act. These Articles do not contain any other change in the Articles of Incorporation being restated.

PART II

The prior Articles of Incorporation and all amendments thereto are amended and restated in their entirety as follows:

KNOW ALL MEN BY THESE PRESENTS:

We, the undersigned, being natural persons of the age of twenty-one years or more and citizens and residents of the State of Texas, for the purpose of forming a corporation under the "Electric Cooperative Corporation Act," of the State of Texas, do hereby adopt the following Articles of Incorporation:

ARTICLE I.

The name of the Corporation is TAYLOR ELECTRIC COOPERATIVE, INC.

ARTICLE II.

The purpose or purposes for which the Corporation is organized are the provision of electric energy and other goods and services, without regard to geographic location, to any person, without restriction, and, except as otherwise expressly excluded by the Electric Cooperative Corporation Act, the transaction of any or all lawful business.

ARTICLE III.

The names and addresses of the incorporators who shall serve as directors and manage the affairs of the Corporation until the first annual meeting of the members or until their successors are elected and qualified are as follows:

Johnny Cox

Merkel, Texas, Rural Route

Sam Butman, Jr.	Merkel, Texas, Rural Route
O.S. Moore	Nolan, Texas
W.C. Church	Merkel, Texas, Rural Route
Mrs. Tom Russom	Merkel, Texas, Rural Route
N.A. Estes	Abilene, Texas, Rural Route
A.W. McKee	Abilene, Texas, Rural Route
Comer Haynes	Merkel, Texas, Rural Route
Ed Gist	Abilene, Texas, Rural Route

ARTICLE IV.

The number of directors of the Cooperative shall be seven (7).

ARTICLE V.

The address of the principal office of the Corporation shall be 226 County Road #287, Merkel, Texas 79536, and the name and address of its agent upon whom process may be served is Ryan A. Bartlett.

ARTICLE VI.

The duration of this Corporation shall be perpetual.

ARTICLE VII.

Section 1. Any person, firm, corporation or body politic may become a member in the Corporation by:

- (a) Paying the membership fee hereinafter specified;
- (b) Agreeing to purchase from the Corporation electric energy as hereinafter specified; and
- (c) Agreeing to comply with and be bound by the Articles of Incorporation of the Corporation and these bylaws and any amendments thereto and such rules and regulations as may from time to time be adopted by the board of directors;

provided, however, that no person, firm, corporation or body politic shall become a member unless and until he or it has been accepted for membership by the board of directors or the members. The bylaws may provide for appeals by applicants to the members. No person, firm, corporation or body politic may own more than one (1) membership in the corporation.

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 (a), (b) and (c).

Section 2. Each member shall, as soon as electric energy shall be available, purchase from the Corporation all electric energy used on the premises referred to in the application of such member for membership, and shall pay therefor monthly at rates which shall from time to time be fixed by resolution of the board of directors; provided however, that the electric energy which the Corporation shall furnish to any member may be limited to such an amount as the board of directors shall from time to time determine and that each member shall pay to the Corporation such minimum amount per month as shall be fixed by the board of directors, from time to time, regardless of the amount of electric energy consumed. Each member shall also pay all obligations which may from time to time become due and payable by such member to the Corporation as and when the same shall become due and payable.

Section 3. The bylaws of the Corporation may fix other terms and conditions upon which persons shall be admitted to and retain membership in the Corporation not inconsistent with these articles of incorporation or the Act under which it is organized.

ARTICLE VIII

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

- (a) property which in the judgment of the board of directors neither is nor will be necessary or useful in operating and maintaining the Corporation's system and facilities; provided, however, that all sales of such property shall not in any one (1) year exceed in value ten percent (10%) of the value of all of the property of the Corporation;
- (b) services of all kinds, including electric energy; and
- (c) Personal property acquired for resale, ~~unless such sales, 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 borrow money from the United States of America, or any agency or instrumentality thereof, or the National Rural Utilities Cooperative Finance Corporation and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any and all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.~~

Commented [A1]: This language is deleted from subpart (c) and restated so it is clear that it modifies the opening statement of Article VIII, not just subpart (c) which is merely part of list of exceptions to the 2/3 member approval requirement.

unless such sales, 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 borrow money from the United States of America, or any agency or instrumentality thereof, or the National Rural Utilities Cooperative Finance Corporation, and in connection with such borrowing to authorize the making and issuance of bonds, notes or other evidences of indebtedness and, to secure the payment thereof, to authorize the execution and delivery of a mortgage or mortgages, or a deed or deeds of trust upon, or the pledging or encumbering of any and all of the property, assets, rights, privileges, licenses, franchises and permits of the Cooperative, whether acquired or to be acquired, and wherever situated, all upon such terms and conditions as the Board of Directors shall determine.

ARTICLE IX

As long as the total number of members does not exceed one thousand (1,000), at least fifteen percent (15%) of the total members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members provided at least five percent (5%) of the total number of members are present in person. In case the total number of members shall exceed one thousand (1,000) then at least one hundred fifty (150) of the members present in person or represented by proxy shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person or represented by proxy may adjourn the meeting from time to time without further notice.

ARTICLE X

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

ARTICLE XI

Voting by proxy at meeting of members shall not be permitted except in those instances where such prohibition is inconsistent with law.

ARTICLE XII

A. To the fullest extent permitted by law, a director of Taylor Electric Cooperative, Inc. is not liable to the corporation or its members for monetary damages for an act or omission in the director's capacity as a director except that this article does not eliminate or limit the liability of a director for:

(1) a breach of a director's duty of loyalty to the corporation or its shareholders or members;

Commented [A2]: Note that are two Article XI's, so the second has been assigned a new number.

(2) an act or omission not in good faith or that involves intentional misconduct or a knowing violation of the law;

(3) a transaction from which a director received an improper benefit whether or not the benefit resulted from an action taken within the scope of the director's office;

(4) an act or omission for which the liability of a director is expressly provided for by statute; or

(5) an act related to an unlawful stock repurchase or payment of a dividend.

B. This article applies only to an act or omission occurring on or after August 31, 1987.

PART III

The amendments to Article II, revising the purpose clause, have been made in accordance with the Act and have been approved in the manner required by the Act and the governing documents of the Corporation by being approved by majority vote of the Corporation's members at the annual meeting held on _____, 2019, at which a quorum was present.

Dated effective _____, 2019.

Ryan A. Bartlett, President

The undersigned, the duly appointed Secretary of the Corporation, does hereby certify the Ryan A. Bartlett is the duly appointed President of the Corporation and that these amendments were duly and lawfully adopted by the members of the Corporation.

David McFall, Secretary