

NORTH PLAINS ELECTRIC COOPERATIVE

P.O. Box 1008 • Perryton, TX 79070 • Phone (806) 435-5482

Notice of Nominating Committee Meeting March 2, 2004

In compliance with Article IV, Section 4.06 of the bylaws of North Plains Electric Cooperative Inc., the Board of Directors met on January 15, 2004, and appointed a Nominating Committee.

This committee is charged with the duty of nominating members for election to fill the expiring terms of three directors: Dorsey Schad, District 2; Lyndon Imke, District 4; and Craig Young, District 5.

The consumer-members that have been appointed to serve on the 2004 Nominating Committee are as follows:

District 2—Hansford County

Jo Alice Clawson
P.O. Box 488
Gruver, TX 79040

Elmo Dahl
8679 County Road J
Gruver, TX 79040

District 4—Lipscomb County

Clayton Born
RR 1 Box 3
Follett, TX 79034

Edward Yauck
P.O. Box 74
Darrouzett, TX 79024

Hollene Peery
12801 FM 1920
Canadian, TX 79014

District 5—Hemphill County

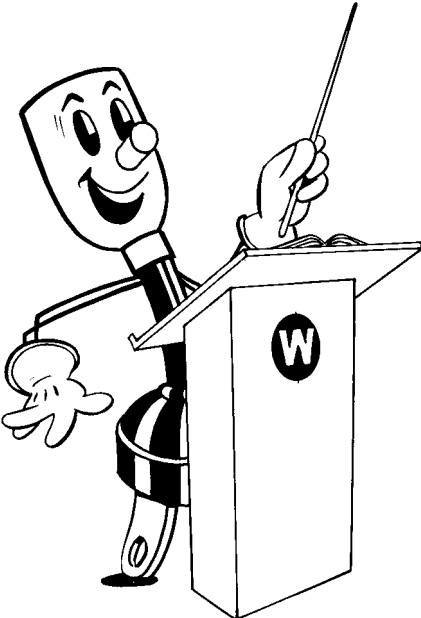
Eddie Meadows
10057 County Road 12
Canadian, TX 79014

David Cook
16596 County Road S
Canadian, TX 79014

The Nominating Committee will meet on Tuesday, March 2, 2004, at 10:30 a.m. in the North Plains Electric Cooperative Inc. building north of Perryton for the purpose of selecting the director nominees.

Should any member wish to suggest a candidate, they may do so by contacting any member of the Nominating Committee.

Remember, it's you and fellow members attending the annual meeting on Monday, April 19, 2004, who elect the three directors who will serve on the board for the next three years.



Willie says participate in the business of your co-op!

North Plains EC's annual meeting will be held April 19. Mark your calendar!

- Door prizes
- Entertainment
- Business reports from management and the board



Scholarship Reminder!

NPEC is awarding nine \$750 scholarships. Applications are due March 1. Contact Bill Carson at (806) 435-5482 for more information.

Excerpts From the Bylaws of North Plains EC

ARTICLE III

MEETINGS OF MEMBERS

SECTION 3.01. ANNUAL MEETING. For the purposes of electing Directors, hearing and passing upon reports covering the previous fiscal year, and transacting such other business as may properly come before the meeting, the annual meeting of the members shall be held on the third (3rd) Monday of the month of April each year, at such place in Perryton in the County of Ochiltree, State of Texas, and beginning at such hour, as the Board of Directors shall from year to year fix: PROVIDED, that, for cause sufficient to it, the Board of Directors may fix a different date for such annual meeting not more than thirty (30) days prior or subsequent to the day otherwise established for such meeting in this Section. It shall be the responsibility of the Board of Directors to make adequate plans and preparations for, and to encourage member attendance at, the annual meeting. Failure to hold the annual meeting at the designated time and place shall not work a forfeiture or dissolution of the Cooperative.

SECTION 3.02. SPECIAL MEETINGS. A special meeting of the members may be called by the President, upon a resolution by the entire Board of Directors or a majority thereof, or by petition signed by not less than 10 (10%) percentum of all the members, and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided in Section 3.03. Such a meeting shall be held at such place in one of the counties in Texas within which the Cooperative services, on such date, not sooner than forty (40) days after the call for such meeting is made or a petition therefor is filed, and beginning at such hour as shall be designated by him or those calling or petitioning for the same.

SECTION 3.03. NOTICE OF MEMBER MEETINGS. Written or printed notice of the place, day and hour of the meeting, and, in the case of a special meeting or of an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes of the meeting shall be delivered to each member not less than ten (10) days nor more than thirty (30) days prior to the date of the meeting, either personally or by mail, by or at the direction of the President or the Secretary (and, in the case of a special meeting, at the direction of him or those calling the meeting). Any such notice delivered by mail may be included with member service billings or as an integral part of or with the Cooperative's monthly newsletter and/or its monthly insert, if any, in *Texas Co-op Power*. No matter, the carrying of which as provided by law or by the Cooperative's Articles of Incorporation or Bylaws, that requires the affirmative votes of at least a majority of all the Cooperative's members shall be acted upon at any meeting of the members unless notice of such matter shall have been contained in the notice of the meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail addressed to the member at his address as it appears on the records of the Cooperative, with postage thereon prepaid and postmarked at least ten (10) days prior to the meeting date. In making such computation, the date of the meeting shall not be counted. The incidental and nonintended failure of any member to receive a notice deposited in the mail addressed

to the member at his address as shown on the Cooperative's books shall not invalidate any action which may be taken by the members at any such meeting, and the attendance in person of a member at any meeting of the members shall constitute a waiver of notice of such meeting unless such attendance shall be for the express purpose of objecting to the transaction of any business, or one or more items of business, on the ground that the meeting shall not have been lawfully called or convened. Any member attending any meeting for the purpose of making such objection shall notify the Secretary prior to or at the beginning of the meeting of his objection.

SECTION 3.04. QUORUM. As long as the total number of members does not exceed five hundred, ten (10%) percentum of the total number of members present in person shall constitute a quorum. In case the total number of members shall exceed five hundred and fifty (550) members or five (5%) percentum of the members, whichever shall be the larger, shall constitute a quorum. If less than a quorum is present at any meeting, a majority of those present in person may without further notice adjourn the meeting to another time and date not less than forty (40) days later and to any place in one of the counties in Texas within which the Cooperative serves: PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At all meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those members who were registered as present in person.

SECTION 3.05. VOTING. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to only one vote upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to or upon registration at each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members, all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's Articles of Incorporation or these Bylaws. Members may not cumulate their votes or vote by proxy or by mail.

SECTION 3.06. CREDENTIALS AND ELECTION COMMITTEE. The Board of Directors shall, at least ten (10) days before any meeting of the members, appoint a Credentials and Election Committee. The committee shall consist of an uneven number of members not less than three (3) nor more than seven (7) who are not members of the Nominating Committee or existing Cooperative employees, agents, officers, Directors or known candidates for Director, and who are not close relatives (as hereinafter defined) or members of the same household of members of the Nominating Committee or existing Cooperative employees, agents, officers, Directors or known candidates for Director. In appointing the committee, the Board shall have regard for the equitable representation of the several areas served by the Cooperative. The committee shall elect its own chairman and secretary prior to the member meeting. It shall be the

responsibility of the committee to establish or approve the manner of conducting member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of members in person, to count all ballots or other votes cast in any election or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to member voting and the election of Directors (including but not limited to the validity of petitions of nomination or the qualifications of candidates and the regularity of the nomination and election of Directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election. In the exercise of its responsibility, the committee shall have available to it the advice of counsel provided by the Cooperative. In the event a protest or objection is filed concerning any election, such protest or objection must be filed during, or within three (3) business days following the adjournment of, the meeting in which the voting is conducted. The committee shall thereupon be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is filed. The committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the committee, by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The committee may not affirmatively act on any matter unless a majority of the committee is present. The committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final.

SECTION 3.07. ORDER OF BUSINESS. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

(1) Report on the number of members present in person in order to determine the existence of a quorum;

(2) Reading of the notice of the meeting and proof of the due giving thereof, or of 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 reports of officers, Directors and committees;

(5) Election of Directors;

(6) Unfinished business;

(7) New business; and

(8) Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business: PROVIDED,

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that no business other than adjournment of the meeting to another time and place may be transacted until and unless the existence of a quorum is first established.

**ARTICLE IV
DIRECTORS**

SECTION 4.01. NUMBER AND GENERAL POWERS. The business and affairs of the Cooperative shall be managed by a Board of nine (9) Directors. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation by Bylaws conferred upon or reserved to the members.

SECTION 4.02. DIRECTOR QUALIFICATIONS. Any Director or director candidate must comply with this Bylaw.

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

1. Be a natural person;
2. Have the capacity to enter legally binding contracts;
3. While a Director, and during the five (5) years immediately prior to becoming a Director, not: be, nor have been, convicted of a felony; plead, nor have pled, guilty to a felony;
4. Unless excused in writing for good cause by the Board or Members, attend at least a majority of all Board Meetings during any calendar year; and
5. Comply with any other reasonable qualifications determined by the Board Members (collectively, "General Director Qualifications").

B. Membership Director Qualifications. While a Director or Director candidate, the Director, or Director candidate must:

1. Be a Member in good standing during the one (1) year immediately prior to becoming a Director; and
2. Permanently reside in the Director District from which the Director is elected or chosen; and
3. Use, receive or purchase Cooperative electricity at the Director's primary residence; or,
4. Be a chief executive officer, chief operating officer or manager of a non-natural person member; and permanently reside within the Director District from which the Director is elected to serve, but use, receipt or purchase of Cooperative electricity at such person's primary residence is not required; and be duly authorized to be nominated and, if elected, to serve as a Director by such non-natural person member which must be in good standing and permanently located within the Cooperative service area and continuously receive or purchase Cooperative electricity at the time of such authorization; provided, however, at any time no more than one (1) non-natural person member Director may serve as a Director.

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

1. A Close Relative of any existing Director, other than an existing Director who will cease being a Director within one (1) year;
2. An existing, or a Close Relative of an Existing, non-director Cooperative Officer, employee, agent, or representative;
3. Employed by, materially affiliated with, or share a material financial interest with, any other Director; or
4. Engaged in, nor employed by, materially affil-

iated with, or have a material financial interest in, any individual or entity:

a. Directly and substantially competing with the Cooperative; or

b. Selling goods or services in substantial quantity to the Cooperative; or

c. Possessing a substantial conflict of interest with the Cooperative (collectively, "Conflict of Interest Director Qualifications").

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

E. Failure to Comply/Director Qualifications. After being elected or appointed as Director, if any Director fails to comply with any Director Qualification, as reasonably determined by the Board, then the Board shall, unless otherwise determined in writing by the Board for good cause, remove the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board action, then the failure of any Director to comply with all Director Qualifications does not affect the Board action.

F. Definition. The term "non-natural person" as used in these Bylaws is defined as any legal entity, which is not a natural person, and is organized for religious, charitable, or business purposes. Provided, however, the term "non-natural Person" shall not include a state, or any political subdivision thereof, or any entity whose primary function is to promote a political agenda, such as a political action committee or a chamber of commerce or similar type entities.

SECTION 4.03. ELECTION. At each annual meeting of the members, Directors shall be elected by secret written ballot by the members and, except as provided in the first proviso of Section 4.02 of these Bylaws, from among those members who are natural persons: PROVIDED, that when the number of nominees does not exceed the number of Directors to be elected from a particular directorate district, and if there is no objection, secret written balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by a plurality of the votes cast unless the members in advance of any balloting resolve that a majority of the votes cast shall be required to elect, and this by-law provision shall be drawn to the attention of the members and explained to them prior to any balloting. Drawing by lots shall resolve, where necessary, any tie votes.

SECTION 4.04. TENURE. Directors shall be so nominated and elected that one Director from or with respect to each of directorate districts nos. two (2), three (3) and five (5) shall be elected for three-year terms at an annual member meeting; one Director from or with respect to each of directorate districts nos. two (2), four (4) and five (5) shall be elected for three-year terms at the next succeeding annual member meeting; and one Director from or with respect to each of the directorate districts nos. one (1), three (3) and four (4) shall be elected for three-year terms at the next succeeding annual member meeting, and so forth: PROVIDED, that the terms of no two Directors from the same directorate district shall coincide. Upon their election, Directors shall, subject to the provisions of these Bylaws with respect to the removal of Directors, serve until the annual meeting of the members of the year in which their terms expire or

until their successors shall have been elected and shall have qualified. If for any reason an election of Directors shall not be held at an annual meeting of the members duly fixed and called pursuant to these Bylaws, such election may be held at an adjournment of such meeting or at a subsequently held special or the next annual meeting of the members. Failure of an election for a given year shall allow the incumbents whose Directorships would have been voted on to hold over only until the next member meeting at which a quorum is present.

SECTION 4.05. DIRECTORATE DISTRICTS. The territory served by the Cooperative shall be divided into five (5) directorate districts. Each district shall be represented by the number of Directors, and the districts are described, as follows:

DISTRICT #1 shall include that part of Hutchinson County served by the Cooperative and shall be represented by one (1) Director.

DISTRICT #2 shall include all of Hansford County and shall be represented by two (2) Directors.

DISTRICT #3 shall consist of all of Ochiltree County and that portion of Roberts County north of the Canadian River and shall be represented by two (2) Directors.

DISTRICT #4 shall include all of Lipscomb County and shall be represented by two (2) Directors.

DISTRICT #5 shall include all of Hemphill County, that portion of Roberts County south of the Canadian River and the small portion of Wheeler County served by the Cooperative, and shall be represented by two (2) Directors.

Every year the Board of Directors, not less than ninety (90) days prior to the first date on which the annual member meeting may be scheduled pursuant to these Bylaws to be held, shall review the districts and directorates and, if determining that the districts should be altered as to boundaries or number or that the number of district Directors should be increased or reduced, so as to correct any substantially inequitable factors regarding the residences of members, the number or geographic location of districts or the number of such Directors, shall appropriately amend these Bylaws accordingly and may, after such amendments become effective, appoint any additional Directors, if so provided for by such amendments, and may appropriately fix their respective initial terms, not to exceed three years. The Board of Directors shall cause all such amendments and the names, addresses, and initial terms of any such newly appointed additional Directors to be noticed in writing to the members not less than ten (10) days prior to the date on which the committee on nominations for the next annual member meeting shall first convene.

After the date of the notice of amendments, these Bylaws shall have been effectively amended accordingly: PROVIDED, that no such amendment shall become effective so as to cause the vacancy of any Director's office prior to the time his term would normally expire unless he consents thereto in writing.

SECTION 4.06. NOMINATIONS. It shall be the duty of the Board of Directors to appoint, not less than thirty (30) nor more than one hundred twenty (120) days prior to the date of a meeting of the members at which Directors are to be elected, a committee on nominations, consisting of not less than three (3) nor more than seven (7) members of the Cooperative who are not existing Coopera-

tive employees, agents, officers, Directors or known candidates for Director, who are not close relatives (as hereinafter defined) or members of the same household of such existing employees, agents, officers, Directors or known candidates for Director, and who are so selected that each of the Cooperative's directorate districts shall have representation thereon in proportion to the number of authorized Directors from or with respect to such district. The committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days prior to the meeting a list of nominations for Directors to be elected, listing separately the nominee(s) for each directorate district from or with respect to any directorate district as it deems desirable. Any fifteen (15) or more members of the Cooperative, acting together, may make additional nominations in writing over their signatures, listing their nominee(s) in like manner, not less than fifteen (15) days prior to the meeting, and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail to the members with the notice of the meeting, or separately, but at least ten (10) days prior to the date of the meeting, a statement of the names and addresses of all nominee(s) for each directorate district from or with respect to which one or more Directors must be elected, showing clearly those nominated by the committee and those nominated by petition, if any. The chairman at such meeting, after all nominations so made have been duly announced, shall not call for additional nominations from the floor and shall announce that nominations are closed. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 4.07. VOTING FOR DIRECTORS; VALIDITY OF BOARD ACTION. In the election of Directors, each member shall be entitled to cast the number of votes (but not cumulatively) which corresponds to the total number of Directors to be elected, but no member may vote for more nominees than the number of Directors that are to be elected from or with respect to any particular directorate district. Ballots marked in violation of the foregoing restriction with respect to one or more directorate districts shall be invalid and shall not be counted with respect to such district or districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

SECTION 4.08. REMOVAL OF DIRECTORS BY MEMBERS. Any member may bring one or more charges for cause against any one or more Directors and may request the removal of such Director(s) by reason thereof by filing with the Secretary such charge(s) in writing together with a petition signed by not less than ten (10%) percentum of the total membership of the Cooperative, which petition calls for a special member meeting, the stated purpose of which shall be to hear and act on such charges and, if one or more Directors are recalled, to elect their successor(s) and specifies the place, time and date thereof not less than forty (40) days after filing of such petition, or which requests that the matter be acted upon at the subsequent annual member meeting if such meeting will be held no sooner than forty (40) days after

the filing of such petition. Each page of the petition shall, in the forepart thereof, state the name(s) and address(es) of the member(s) filing such charge(s), a verbatim statement of such charge(s) and the name(s) of the Director(s) against whom such charge(s) is(are) being made. The petition shall be signed by each member in the same name as he is billed by the Cooperative and shall state the signatory's address as the same appears on such billings. Notice of such charge(s) verbatim, of the Director(s) against whom the charge(s) have been made, of the member(s) filing the charge(s) and the purpose of the meeting shall be contained in the notice of the meeting, or separately noticed to the members not less than ten (10) days prior to the member meeting at which the matter will be acted upon: PROVIDED, that the notice shall set forth only twenty (20) of the names (in alphabetical order) of the members filing one or more charges if twenty (20) or more members file the same charge(s) against the same Director(s). Such Director(s) shall be informed in writing of the charge(s) after they have been validly filed and at least twenty (20) days prior to the meeting of the members at which the charge(s) are to be considered, and shall have an opportunity at the meeting to be heard in person, by witnesses, by counsel or any combination of such, and to present evidence in respect of the charge(s); and the person(s) bringing the charge(s) shall have the same opportunity, but must be heard first. The question of the removal of such Director(s) shall, separately for each if more than one has been charged, be considered and voted upon at such meeting, and any vacancy created by such removal shall be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations, except that nominations shall be made from the floor: PROVIDED, that the question of the removal of a Director shall not be voted upon at all unless some evidence in support of the charge(s) against him shall have been presented during the meeting through oral statements, documents or otherwise. A newly elected Director shall be from or with respect to the same directorate district as was the Director whose office he succeeds and shall serve the unexpired portion of the removed Director's term.

SECTION 4.09. VACANCIES. Subject to the provisions of these Bylaws with respect to the filling of vacancies caused by the removal of Directors by the members, a vacancy occurring in the Board of Directors shall be filled by the Board of Directors. A Director thus elected shall serve out the unexpired term of the Director whose office was originally vacated and until a successor is elected and qualified: PROVIDED, that such a Director shall be from or with respect to the same directorate district as was the Director whose office was vacated.

SECTION 4.10. COMPENSATION; EXPENSES. Directors shall, as determined by resolution of the Board of Directors, receive, on a per diem basis, a fixed fee, which may include insurance benefits, (a) for attending meetings of the Board of Directors and, when such has had prior approval of the Board of Directors, (b) for the performance of other Cooperative business. The fee fixed for attending Board meetings need not be the same as the fee or fees fixed for performing other Cooperative business. Directors shall also receive advancement or reimbursement of any travel and out-of-pocket expenses actually, necessarily and reasonably incurred in attending such meetings and perform-

ing such business. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of such compensation shall be specifically authorized by a vote of the members or such payment and amount shall be specifically authorized by the Board of Directors upon their certification of such as an emergency measure: PROVIDED, that a Director who is also an officer of the Board, and who as such officer performs regular or periodic duties of a substantial nature for the Cooperative in its fiscal affairs, may be compensated in such amount as shall be fixed and authorized in advance of such service by the Board of Directors.

SECTION 4.11. RULES, REGULATIONS, RATE SCHEDULES AND CONTRACTS. The Board of Directors shall have power to make, adopt, amend, abolish and promulgate such rules, regulations, rate schedules, contracts, security deposits and any other types of deposits, payment or charges, including contributions in aid of construction, not inconsistent with law or the Cooperative's Articles of Incorporation or Bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

SECTION 4.12. ACCOUNTING SYSTEM AND REPORTS. The Board of Directors shall cause to be established and maintained a complete accounting system of the Cooperative's financial operations and condition, and shall, after the close of each fiscal year, cause to be made a full, complete and independent audit of the Cooperative's accounts, books and records reflecting financial operations during, and financial condition as of the end of, such year. A full and accurate summary of such audit reports shall be submitted to the members at or prior to the succeeding annual meeting of the members. The Board may authorize special audits, complete or partial, at any time and for any specified period of time.

SECTION 4.13. SUBSCRIPTION TO COOPERATIVE'S NEWSLETTER; SUBSCRIPTION TO STATEWIDE PUBLICATION. For the purpose of disseminating information devoted to the economical, effective and conservative use of electric energy, the Board of Directors shall be empowered, on behalf of and for circulation to the members periodically, to subscribe to the Cooperative's newsletter, *North Plains News*, the annual subscription price for which shall be not less than \$1.00 (one dollar) nor more than \$10.00 (ten dollars), and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative. The Board of Directors shall also be empowered, on behalf of and for circulation to the members periodically, to subscribe to the statewide publication, *Texas Co-op Power*, the annual subscription price for which shall be not less than \$1.00 (one dollar) nor more than \$10.00 (ten dollars), and which shall be deducted from any funds accruing in favor of such members, so as to reduce such funds in the same manner as would any other expense of the Cooperative.

SECTION 4.14. "CLOSE RELATIVE" DEFINED. As used in these Bylaws, "close relative" means a person who, by blood or in law, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the principal.