

BYLAWS

COSERV CHARITABLE FOUNDATION

ARTICLE 1

THE FOUNDATION

Section 1.1 Period of Duration. The period of duration of the Foundation shall be perpetual.

Section 1.2 Liability. The liability for debts of the Foundation shall be limited to property of the Foundation.

Section 1.3 Powers. Without limiting the generality of any other provisions of these Bylaws, the Foundation, acting by and through its Board of Directors (the "Board") is authorized to do all acts permitted by the Texas Non-Profit Corporation Act as the same shall be amended from time to time; provided, however, this Foundation, except to an insubstantial degree, shall not engage in any activities or exercise any powers that are not in furtherance of the purpose of this Foundation.

ARTICLE 2

OFFICES

Section 2.1 Permanent Address. The initial registered office of the Foundation shall be at the place designated in the Articles of Incorporation. Thereafter, the permanent address shall be at such other place as the Board may from time to time designate by resolution.

Section 2.2 Other Offices. The Foundation may have other offices at such places, within or without the State of Texas, as the Board from time to time may determine or the business of the Foundation may require.

ARTICLE 3

DIRECTORS

Section 3.1 Board of Directors. The business and affairs of the Foundation shall be managed by its Board, who may exercise all such powers of the Foundation and do all such lawful acts and things as are not by statute or by the Articles of Incorporation or by these Bylaws prohibited. Continuing and exclusive authority to fix, supervise, and control the professional, business, and other affairs of the Foundation shall be wholly vested in the Board.

Section 3.2 Number of Directors and Term of Office. The Board initially shall consist of three directors. The number of directors may be increased or decreased at any time by resolution of the board of directors of Denton County Electric Cooperative, Inc., dba CoServ Electric (“CoServ”), but in no case shall the number of directors be less than three. No decrease in the number of directors shall shorten the term of any incumbent director. Except as expressly provided otherwise herein, the term of each director shall be one year; provided, however, that each director shall continue to serve as a director until his successor has been elected and has qualified. A director may serve an unlimited number of terms.

Section 3.3 Election and Removal of Directors. Annually, at a meeting of its board of directors, CoServ shall appoint the directors for the succeeding year. The board of directors of CoServ by affirmative vote may remove any director at any time.

Section 3.4 Vacancy. Any vacancy occurring in the Board shall be filled by the resolution of the board of directors of CoServ.

Section 3.5 Meetings. Meetings of the Board may be held without notice at such time and place and with such frequency as shall from time to time be determined by resolution of the Board. Special meetings of the Board may be called by the President on 24 hours' notice to each director, given personally or by mail, facsimile, electronic mail or by telegram; special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two directors. The purpose of any special meeting shall be specified in the notice or any waiver of notice.

Section 3.6 Quorum. At all meetings of the Board the presence of a majority of the directors then in office shall be a quorum for the transaction of business, and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the Board, except as may be otherwise specifically provided by statute or by the Articles of Incorporation or by these Bylaws. If a quorum shall not be present at any meeting of the Board, the directors present may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum shall be present.

Section 3.7 Unanimous Consent in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board or any executive committee may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the directors or executive committee, as the case may be, and such unanimous consent shall have the same force and effect as a unanimous vote at a meeting.

Section 3.8 Telephone/Electronic Meetings. Directors or members of any committee designated by the Board may participate in and hold a meeting by means of conference telephone or similar communications equipment or electronic devices by which all persons participating in the meeting can communicate with each other.

Section 3.9 Committees. The Board, by resolution passed by a majority of those voting, may designate a committee or committees, each committee to consist of two or more persons, and such committee may include persons who are not directors of the Foundation so long as the

chairperson of the committee is a member of the Board of the Foundation. Such committee shall have such power and authority and shall perform such functions as may be provided in such resolution. Each such committee shall have such name as may be designated by the Board and shall keep regular minutes of its proceedings and report the same to the Board when required.

Section 3.10 Advisory Board. The Board may designate an Advisory Board of Directors which shall consist of such members as the Board designates by resolution. Such Advisory Board shall serve at the pleasure of the Board and shall perform such functions as may be designated by the Board.

Section 3.11 Compensation of Directors. No Director or member of any committee of the Board may be paid compensation for his services as a director or member of any such committee. Such person, however, shall be entitled to reimbursement for any reasonable expenses incurred in attending the meetings of the Board and such committee. The reimbursement of directors may be on such basis as is determined by resolution of the Board. Any director shall not be barred from serving the Foundation in any other capacity and receiving reasonable compensation for such other services.

ARTICLE 4

NOTICES

Section 4.1 Form of Notice. Whenever under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, notice is required to be given to any member or director and no provision is made as to how such notice shall be given, it shall not be construed to mean personal notice, but any such notice may be given in writing, via electronic mail, facsimile or telegram, or by mail, postage prepaid, addressed to such member or director at such address as it appears on the books of the Foundation. Any notice required or permitted to be given by mail shall be deemed to be given when it is deposited in the United States mail, postage prepaid.

Section 4.2 Waiver. Whenever any notice is required to be given to any member or director, under the provisions of the statutes or of the Articles of Incorporation or of these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, shall be deemed equivalent to the giving of such notice. In addition, attendance and participation by any director at any meeting without an objection to the provision of adequate notice shall be deemed equivalent to the giving of such notice.

ARTICLE 5

OFFICERS

Section 5.1 In General. The officers of the Foundation shall be a President, a Vice President, a Secretary and a Treasurer. The President shall serve as Chairman of the Board. Any two or more offices may be held by the same person, except that the offices of President and Secretary shall not be held by the same person.

Section 5.2 Election. The Board shall elect the officers of the Foundation at each annual meeting, none of whom need to be a member of the Board.

Section 5.3 Other Officers and Agents. The Board may appoint such other officers and agents as it shall deem necessary, who shall be appointed for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board.

Section 5.4 Compensation of Officers. The Foundation will not compensate any officer for his services as an officer of the Foundation.

Section 5.5 Term of Office and Removal. Each officer of the Foundation shall hold office until the earliest of his death, resignation, or removal from office, or the election and qualification of his successor. Any officer or agent elected or appointed by the Board may be removed at any time for or without cause by the affirmative vote of a majority of the whole Board, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. If any office becomes vacant for any reason, the vacancy may be filled by the Board.

Section 5.6 President. The President shall be the chief executive officer of the Foundation and shall have the general powers and duties of supervision and management usually vested in the office of the president of a corporation, and, subject to the powers of the Board, he shall have general supervision, direction, and control of the business of the Foundation. He shall preside at all meetings of the directors if present thereat. Except as the Board shall authorize the execution thereof in some other manner, he shall execute bonds, mortgages and other contracts on behalf of the Foundation, and shall cause the seal, if any, to be affixed to any instrument requiring it and when so affixed, the seal shall be attested by the signature of the Secretary.

Section 5.7 Vice President. The Vice President shall, in the absence or disability of the President, perform the duties and exercise the powers of the President. The Vice President shall have such powers and perform such duties as the Board may from time to time prescribe, or as the President may from time to time delegate to him.

Section 5.8 Secretary. The Secretary shall attend all meetings of the Board and record all votes and the minutes of all proceedings in a book to be kept for that purpose. He shall give, or cause to be given, notice of all special meetings of the Board and shall perform such other duties as may be prescribed by the Board or the President, under whose supervision he shall be.

He shall keep in safe custody the seal of the Foundation, if any, and, when authorized by the Board, affix the same to any instrument requiring it.

Section 5.9 Treasurer. The Treasurer shall have the custody of the Foundation funds and securities and shall keep full and accurate accounts of receipts and disbursements of the Foundation and shall deposit all monies and other valuable effects in the name and to the credit of the Foundation in such depositories as may be designated by the Board.

Section 5.10 Duties of Treasurer. The Treasurer shall disburse the funds of the Foundation as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the President and the directors, at the regular meetings of the Board or whenever they may require it, an account of all his transactions as Treasurer and of the financial condition of the Foundation, and shall perform such other duties as the Board may prescribe.

Section 5.11 Bonding. Each officer required by the Board to do so shall give the Foundation a bond in such form, in such sum, and with such surety or sureties, as shall be satisfactory to the Board, for the faithful performance of the duties of his office and for the restoration to the Foundation, in case of his death, resignation, retirement, or removal from office, all books, papers, vouchers, money, and other property of whatever kind in his possession or under his control belonging to the Foundation.

ARTICLE 6

GENERAL PROVISIONS

Section 6.1 Fiscal Year. The fiscal year of the Foundation shall be fixed by resolution of the Board.

Section 6.2 Seal. The Foundation may have a seal and said seal may be used by causing it, or a facsimile thereof, to be impressed or affixed or reproduced or otherwise.

Section 6.3 Checks. All checks or demands for money and notes of the Foundation shall be signed by such officer or officers or such other person or persons as the Board from time to time may designate.

Section 6.4 Indemnification. To the extent permitted by law, the Foundation shall indemnify any one or more of its directors or former directors against the liabilities and expenses actually and necessarily incurred in connection with any threatened, pending, or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative, or investigative, any appeal in such an action, suit, or proceeding and any inquiry or investigation that could lead to such an action, suit or proceeding, in which one or more of them was, is, or is threatened to be made a defendant or respondent by reason of his holding office as a director, or by reason of his serving as an officer of the Foundation while serving as a director of the Foundation, if, upon a majority vote of the directors not involved in the proceedings or upon any other determination permitted by Article 1396-2.22A of the Texas Nonprofit Corporation Act, it is determined that

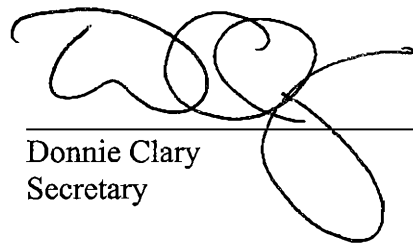
the director or former director, (i) conducted himself in good faith, (ii) reasonably believed, in the case of conduct in his official capacity, that his conduct was in the Foundation's best interest, (iii) reasonably believed, in all other cases, that his conduct was at least not opposed to the Foundation's best interest, and (iv) in the case of any criminal proceeding, had no reasonable cause to believe his conduct was unlawful; provided, however, that indemnification may not be given with respect to matters in which any such individual shall be adjudged to be liable to the Foundation, or on the basis that personal benefit was improperly received by him, whether or not the benefit resulted from action taken in his official capacity. The Foundation shall reimburse to any director or officer named a defendant or a respondent in any proceeding by reason of his holding office, reasonable expenses of such suit or proceeding if the director or officer has been wholly successful, on the merits, or otherwise, in defense of such proceeding.

ARTICLE 7

BYLAWS

Section 7.1 Amendments. These Bylaws may be altered, amended, or repealed and new bylaws may be adopted at any annual, regular or special meeting of the board of directors of CoServ. However, said action may be taken at a special meeting only if the notice of the meeting specifically designates the provisions of these Bylaws proposed for amendment or repeal and sets forth any new provisions proposed to be adopted.

I, the undersigned, being the Secretary of CoServ Charitable Foundation, hereby certify that the foregoing are the Bylaws of the said Foundation as accepted and approved by the Board of Directors, the 1st day of June, 2004.



Donnie Clary
Secretary