

**69TH ANNUAL MEMBERSHIP MEETING
OF
BLUEBONNET ELECTRIC COOPERATIVE, INC.**

May 12, 2009

The Annual Membership Meeting of Bluebonnet Electric Cooperative, Inc. was held on Tuesday, May 12, 2009, at 2:30 p.m. at the Sons of Hermann Hall, two miles south of Giddings, Lee County, Texas, on Highway 77.

Board members present were:

Richard K. Schmidt	Gary Gerdes
Kenneth W. Mutscher	Lyle L. Wolz
James B. Kershaw	Ben Flencher
Adlinie Rathman	Byron Balke
Robert Mikeska	Fred Hannes

Also present for the meeting were:

Mark Rose, General Manager and CEO
Michael J. Simmang, General Counsel.

President Richard K. Schmidt presiding as Chairman, called the meeting to order at 2:30 p.m., and welcomed the members to the meeting. Director, Lyle Wolz, gave the invocation and led the United States Pledge of Allegiance and the Texas Pledge.

President Schmidt introduced General Manager/CEO Mark Rose. Mr. Rose acknowledged our troops serving our country overseas and directed a moment of silence in their honor. Mr. Rose recognized special guests, including government officials, other cooperative managers and directors and local dignitaries. Mr. Rose introduced the members of the Board, General Counsel as well as his and their spouses.

Director, James B. Kershaw, Secretary-Treasurer, presented the Secretary-Treasurer's reports in which he reported that the following official Notice of the Annual Meeting was sent to all members of the Cooperative:

"ANNUAL MEETING NOTICE"

Dear Member:

You are hereby notified that the Annual Membership Meeting of Bluebonnet Electric Cooperative, Inc. will be held on May 12, 2009, at 2:30 p.m. at the Sons of Hermann Hall, Giddings, Texas. The hall is located approximately two miles south of Giddings on Highway 77. Registration will begin at 1:30 p.m.

At this meeting, two Directors are to be elected and such business transacted as may come before the meeting. Five nominees have been nominated for these two positions.

Sincerely yours,
/s/ James B. Kershaw
James B. Kershaw
"Secretary"

Director Kershaw certified that the Annual Meeting Notice was mailed to all members on April 30, 2009, the total number of meters on the date of the Annual Meeting is 79,513, the total number of non-member consumers on the date of the Annual Meeting is none, there are 224 members in attendance, and that there are 7487 members in attendance either in person or by proxy, which number constitutes a quorum, and thereby officially opens this meeting to transact such business as outlined in the notice.

Mr. Kershaw reported that a Special Committee of the Board comprised of Richard Schmidt, Chairman of the Board, Ben Flencher, James B. Kershaw and Byron Balke was appointed on May 13, 2008, to review the minutes of the May 13, 2008, Annual Membership Meeting, and they met on June 24, 2008, to review the minutes, and during the Regular Meeting of the Board of Directors on June 24, 2008, the Special Committee recommended approval of the Annual Meeting Minutes, which were subsequently approved. Mr. Kershaw requested that Chairman Schmidt come forward and request a motion from the floor to waive reading of the minutes.

Chairman Schmidt requested a motion from the floor to waive reading of the minutes and ratify the actions of the Committee and the Board for approving the minutes of the May 13, 2008, Annual Meeting.

Motion was made to waive reading of the minutes and to ratify the actions of the Committee and the Board for approving the minutes of the May 13, 2008, Annual Meeting. The motion was seconded. Motion carried.

Mr. Kershaw read the Certificate Specifying the Number of Accepted Members and Consumers.

Mr. Kershaw read the report of the Nominating Committee and reported that Herbert W. Schulze, Michael H. Arant, Richard K. Schmidt, James B. Kershaw and Dick Whittington were nominated as candidates for director and that there were no nominations by petition.

Mr. Kershaw read the Affidavit of Publication giving Official Notice of the Annual Meeting by publication in the May 2009 issue of the Texas Co-Op Power and by mail to 59,096 members of record of the Cooperative on April 24, 2009. Mr. Kershaw then turned the meeting over to Chairman, Rick Schmidt.

Mr. Schmidt again introduced himself as President and Chairman of the Board and thanked the members for coming to participate in the 69th Annual Meeting. He expressed his appreciation for the members' interest and involvement in the Cooperative. He reported that Bluebonnet has had another great year, it is continuing to grow and change, laying a solid foundation and will continue to provide affordable, reliable electric service to its members long into the future.

Mr. Schmidt turned the meeting over to General Manager/CEO Mark Rose.

Mr. Rose thanked everyone for being at the meeting. He updated the members on the condition of the Cooperative and the industry.

General Manager/CEO Rose presented his Report to the members. He had a slide presentation and reported that the Cooperative had a significant year both in service and financial performance. He further reported that the Board made significant changes on business matters. Capital Credits will be quite a bit larger--\$6.2 million in capital credits, noting that capital credits have gone from \$750 thousand to \$2 million to \$6.2 million over the past three years. The Board has made changes in policy to provide more transparency. He summarily reviewed the 2008 Condensed Annual Financial Report provided to the members in attendance and discussed what Bluebonnet is doing to prepare for the future needs of its members. He discussed a Legislative Bill related to electric cooperatives providing regulations for notice and conduct of Cooperative meetings, which requires, among other things, that cooperatives have open board meetings and post board meeting agendas. Mr. Rose reported that Bluebonnet is already in compliance with nearly all the requirements made under the Bill.

Mr. Rose discussed revolutions in technology and proclaimed that no other cooperative in the State of Texas has a business platform as sophisticated as Bluebonnet's. Bluebonnet is ahead of the other cooperatives in Texas, yet still provides electricity to its members at the lowest or nearly lowest rate, consistently standing in first or second place in rate comparisons for cooperatives in the State of Texas. Bluebonnet has kept its covenant with its Board. It has completed its five-year modernization plan, stayed in the top tier in its rate group, has maintained 40% equity and has integrated advanced technology that, among other things, allows us to quickly respond to our members' needs, read meters electronically, and detect, locate and repair outages more efficiently.

Mr. Rose discussed the Smart Grid or "Sustainable Grid" being the name Bluebonnet would prefer. He explained that Bluebonnet is working to allow each member to have a "control center" in their home or business to essentially enable them to see their current usage and cost of electricity being consumed in their home or business throughout the day, and to control their usage based upon such knowledge. He discussed members being a participant in the Net Energy Market through conservative usage, green power and generation. He encouraged each

member to participate in the goal to be “self sustaining” on the grid. (“When you’ve put back as much, or more, into the grid as you use, then you have reached sustainability.”)

Mr. Rose called for Unfinished Business. There was none.
Mr. Rose called for New Business. There was none.

During CEO Rose’s question and answer session, the following suggestions were made or questions were asked:

1. There has been so much propoganda about wind power. Is Bluebonnet doing anything with wind power?
2. Will the members be required to have the devices put in their homes that allow them to see their consumption and cost, live?
3. What kind of impact is the Hybrid technology having?
4. If a member generates excess energy, does the Cooperative buy it back?
5. Will the new devices talked about tell us when not to use the washing machine, etc.?
6. There were a few problems with readings when the new meters were installed. Will this happen again when the new devices are installed?
7. The security lights being used are not sufficient in that the light does not cover enough area and are likened to a parking lot light.
8. Having my residence at the end of the distribution line, I consistently experience blinking lights.
9. With regard to the security lights, I prefer them as they do not draw as many insects.
10. What is the timeframe for the “sustainable grid” project?

Mr. Rose responded to each of the members’ questions to their satisfaction and noted their suggestions, comments and complaints.

Chairman Schmidt next introduced Michael J. Simmang, General Counsel for Bluebonnet Electric Cooperative, Inc.

Counsel Simmang thanked Mr. Rose for his presentation and proceeded with the election of directors and explained to the members the balloting procedure. Counsel Simmang discussed one of the changes in Bluebonnet’s election format by hiring Election Services Corporation to receive all the proxies and tally all votes cast in the election. Counsel Simmang explained procedures with regard to nominations by the Nominating Committee, nominations by petition, of which there were none, and nominations from the floor. Counsel Simmang reported that the Nominating Committee met within the timeframe set out by the Bylaws and duly nominated:

Herbert W. Schulze, Caldwell County
Michael H. Arant, Bastrop County
Richard K. Schmidt, Caldwell County
James B. Kershaw, Bastrop County
Dick Whittington, Caldwell County

as candidates for the two positions to be filled on the Board of Directors.

Counsel Simmang called for nominations from the floor. There were none. Motion was made and second to close nominations. Motion carried.

Counsel stated that the Bylaws dictate that the election must be by written ballot and proceeded to instruct the membership to vote for the positions on the Board and cast their secret ballots. The ballots were then collected and tallied by Election Services Corporation.

CEO Rose called for commencement of the drawing for door prizes.

General Counsel Simmang announced the results of the ballot canvassing as follows:

Herbert W. Schulze received 1224 votes.
Michael H. Arant received 1218 votes.
Richard K. Schmidt received 5598 votes.
James B. Kershaw received 5821 votes.
Dick Whittington received 1152 votes.

Re-elected representing Bastrop County was James B. Kershaw
Re-elected representing Caldwell County was Richard K. Schmidt.

There being no further business, it was moved, seconded and unanimously carried that the meeting adjourn.
The meeting was adjourned at 4:00 p.m.

WITNESS THIS OUR SIGNATURES on this 23 day of June, 2009.



Byron Balke, Asst. Secretary

APPROVED:



Richard K. Schmidt, President