

**70TH ANNUAL MEMBERSHIP MEETING  
OF  
BLUEBONNET ELECTRIC COOPERATIVE, INC.**

May 11, 2010

The Annual Membership Meeting of Bluebonnet Electric Cooperative, Inc. was held on Tuesday, May 11, 2010, at 2:30 p.m. at the Sons of Hermann Hall, 1031 CR 223, Giddings, Lee County, Texas.

Board members present were:

Rick Schmidt, President	Lyle L. Wolz
Ben Flencher, Vice President	Kenneth W. Mutscher
James B. Kershaw, Secretary-Treasurer	Adlinie Rathman
Byron Balke, Assistant Secretary-Treasurer	Gary Gerdes
Robert Mikeska	

Director, Fred Hannes, was absent.

Also present for the meeting were:

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

Mr. Rose advised the members of the building's exits and procedures for evacuation to safety, first aid, and other matters of safety: place to re-group to determine if all had exited the building.

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 their spouses.

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.

Director, James B. Kershaw, Secretary-Treasurer, presented the Secretary-Treasurer's report 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 11, 2010, at 2:30 p.m. at the Sons of Hermann Hall, 1031 CR 223, Giddings, Texas. Registration will begin at 1:30 p.m.

At this meeting, four Directors are to be elected and such business transacted as may come before the meeting. Five nominees have been nominated for these four 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, 2010, the total number of meters on the date of the Annual Meeting is 80,611, the total number of non-member consumers on the date of the Annual Meeting is none, there are 233 members in attendance, and that there are 7379 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, Vice President, James B. Kershaw, Secretary-Treasurer, and Byron Balke, Assistant-Secretary-Treasurer, was appointed on May 12, 2009, to review the minutes of the May 12, 2009, Annual Membership Meeting, and they met on June 23, 2009, to review the minutes, and during the Regular Meeting of the Board of Directors on June 23, 2009, 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 12, 2009, 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 12, 2009, 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 Affidavit of Publication giving Official Notice of the Annual Meeting by publication in the May 2010 issue of the Texas Co-Op Power and by mail to 60,565 members of record of the Cooperative on April 26, 2010. 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 70<sup>th</sup> Annual Meeting. He expressed his appreciation for the members' interest and involvement in the Cooperative. He reported that Bluebonnet has had another great year, that it is continuing to grow and change, that Bluebonnet is currently focused on providing its members the technology to allow them to monitor and manage their energy usage and, thereby, save money on electric service. He declared that the Cooperative has a solid foundation and will continue to provide affordable, reliable electric service.

Mr. Schmidt introduced Michael J. Simmang, General Counsel for the Cooperative to proceed with election of the Directors.

Mr. Simmang explained the balloting procedure to the members. Counsel Simmang advised that Election Services Corporation was again retained by the Cooperative to receive all the proxies and tally all votes cast in the election. He 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 introduced the members of the Nominating Committee and thanked them for their services. He reported that the Nominating Committee met within the timeframe set out by the Bylaws and duly nominated:

Milton Shaw, Caldwell County  
Kenneth Mutscher, Washington County  
Lyle Wolz, Burleson County  
Ben Flencher, Jr., Burleson County  
George Kehler, Lee County

as candidates for the four seats for director and that there were no nominations by petition. Mr. Simmang read the report of the Nominating Committee.

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.

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

Mr. Rose welcomed and thanked everyone for being at the meeting.

He introduced Matt Bentke and informed the membership that Mr. Bentke is Chief Operating Officer and has been in that position since October 2008. Prior thereto, he served as Manager of System Operations since 2000. He graduated from Texas A & M, with a BBA in Business Management. Mr. Bentke resides in Brenham, Texas, where he and his wife, Rachel are raising their two children.

Mr. Bentke discussed the Cooperative's financial performance and highlights in Operations.

General Manager/CEO Rose presented his Report to the members. He reported that the Cooperative had a significant year both in service and financial performance. He reported that the Cooperative is taking huge strides in the use of technology. He advised the members that by June 1, 2010, each member will be able to go on-line to the Bluebonnet web page and pull up the member's current bill to date and the estimated bill for the rest of the billing period. He also discussed the smart grid and, with member assistance, how it would help conserve energy to the point of putting off the construction of additional generation facilities, which would save members money on their bill.

He summarily reviewed the 2009 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.

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, Mr. Rose received various questions and suggestions. He responded to each of the members' questions to their satisfaction and noted their suggestions, comments and complaints.

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

General Counsel Simmang announced the results of the ballot canvassing as certified by Election Services Corporation:

Ben Flencher received 5796 votes.

George Kehler received 2202 votes

Milton Shaw received 5573 votes

Lyle Wolz received 5829 votes

Kenneth Mutscher received 6125 votes


Re-elected representing Burleson County was Ben Flencher  
Re-elected representing Burleson County was Lyle Wolz  
Re-elected representing Washington County was Kenneth Mutscher  
Elected representing Caldwell County was Milton Shaw

There being no further business, it was moved, seconded and unanimously carried that the meeting adjourn. The meeting was adjourned at 4:05 p.m.

WITNESS THIS OUR SIGNATURES on this 15 day of June, 2010.

  
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James B. Kershaw, Secretary

APPROVED:

  
\_\_\_\_\_  
Richard K. Schmidt, President