

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697

Hope Andrade
Secretary of State



Office of the Secretary of State

**CERTIFICATE OF FILING
OF**

**Texas Coalition for Affordable Power
File Number: 801327832**

The undersigned, as Secretary of State of Texas, hereby certifies that a Certificate of Formation for the above named Domestic Nonprofit Corporation has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing filing effective on the date shown below.

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 10/05/2010

Effective: 10/05/2010



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade
Secretary of State



Office of the Secretary of State

October 07, 2010

Attn: Cathleen C. Slack

Lloyd Gosselink, Attorneys at Law
816 Congress Avenue, Ste. 1900
Austin, TX 78701 USA

RE: Texas Coalition for Affordable Power
File Number: 801327832

It has been our pleasure to file the certificate of formation and issue the enclosed certificate of filing evidencing the existence of the newly created nonprofit corporation.

Nonprofit corporations do not automatically qualify for an exemption from federal and state taxes. Shortly, the Comptroller of Public Accounts will be contacting the corporation at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the corporation. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>. For information on state tax exemption, including applications and publications, visit the Comptroller's Exempt Organizations web site at <http://window.state.tx.us/taxinfo/exempt/index.html>. Information on exemption from federal taxes is available from the Internal Revenue Service web site at www.irs.gov.

Nonprofit corporations do not file annual reports with the Secretary of State, but do file a report not more often than once every four years as requested by the Secretary. It is important for the corporation to continuously maintain a registered agent and office in Texas as this is the address to which the Secretary of State will send a request to file a periodic report. Failure to maintain a registered agent or office in Texas, failure to file a change to the agent or office information, or failure to file a report when requested may result in the involuntary termination of the corporation. Additionally, a nonprofit corporation will file documents with the Secretary of State if the corporation needs to amend one of the provisions in its certificate of formation. If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section
Business & Public Filings Division
(512) 463-5555
Enclosure

**Form 202
(Revised 12/09)**

Submit in duplicate to:
Secretary of State
P.O. Box 13697
Austin, TX 78711-3697
512 463-5555
FAX: 512/463-5709
Filing Fee: \$25



**Certificate of Formation
Nonprofit Corporation**

This space reserved for office use.

FILED
In the Office of the
Secretary of State of Texas

OCT 05 2010

Corporations Section

Article 1 – Entity Name and Type

The filing entity being formed is a nonprofit corporation. The name of the entity is:

Texas Coalition for Affordable Power

Article 2 – Registered Agent and Registered Office

(See instructions. Select and complete either A or B and complete C.)

A. The initial registered agent is an organization (cannot be entity named above) by the name of:

OR

B. The initial registered agent is an individual resident of the state whose name is set forth below:

Geoffrey M Gay
First Name M.I. Last Name Suffix

C. The business address of the registered agent and the registered office address is:

816 Congress Avenue, Suite 1900 Austin TX 78701
Street Address City State Zip Code

Article 3 – Management

The management of the affairs of the corporation is vested in the board of directors. The number of directors constituting the initial board of directors and the names and addresses of the persons who are to serve as directors until the first annual meeting of members or until their successors are elected and qualified are as follows:

A minimum of three directors is required.

Director 1				
Jay		Doegy		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>		<i>Suffix</i>
101 South Mesquite St., Suite 300	Arlington	TX	76010	
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 2				
Tom	J.	Blazek		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
622 E. Market Street	Rockport	TX	78382	
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

Director 3				
Randy		Moravec		
<i>First Name</i>	<i>M.I.</i>	<i>Last Name</i>	<i>Suffix</i>	
5350 Belt Line Road	Addison	TX	75254-7606	
<i>Street or Mailing Address</i>	<i>City</i>	<i>State</i>	<i>Zip Code</i>	<i>Country</i>

OR

The management of the affairs of the corporation is to be vested in the nonprofit corporation's members.

Article 4 – Membership

(See instructions. Do not select statement B if the corporation is to be managed by its members.)

A. The nonprofit corporation shall have members.

B. The nonprofit corporation will have no members.

Article 5 – Purpose

(See instructions. This form does not contain language needed to obtain a tax-exempt status on the state or federal level.)

The nonprofit corporation is organized for the following purpose or purposes:

any and all lawful business for which non-profit corporations may be organized under the Texas Business Organizations Code; purchasing electricity; aiding or acting on behalf of its Members with respect to their own electricity use for their respective public facilities and that of their citizens; negotiating on behalf of its Members for the purchase of electricity; making contracts for the purchase of electricity; and taking any other actions necessary to purchase electricity for use in the public facilities of the political subdivision or subdivisions represented by the Corporation; acting as a local cooperative organization to purchase goods and services for its Members; and for all other purposes as may be permitted by law for political subdivision corporations.

The following text area may be used to include any additional language or provisions that may be needed to obtain tax-exempt status.

Supplemental Provisions/Information
(See instructions.)

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

Organizer

The name and address of the organizer:

Cathleen C. Slack

Name

816 Congress Avenue, Suite 1900

Austin

TX

78701

Street or Mailing Address

City

State

Zip Code

Effectiveness of Filing (Select either A, B, or C.)

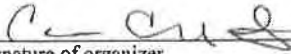
- A. This document becomes effective when the document is filed by the secretary of state.
- B. This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: _____
- C. This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90th day after the date of signing is: _____

The following event or fact will cause the document to take effect in the manner described below:

Execution

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized to execute the filing instrument.

Date: October 4, 2010



Signature of organizer

Cayleen C. Slack

Printed or typed name of organizer

Corporations Section
P.O.Box 13697
Austin, Texas 78711-3697



Hope Andrade
Secretary of State

Office of the Secretary of State
Packing Slip

October 7, 2010
Page 1 of 1

Attn: Cathleen C. Slack
Lloyd Gosselink, Attorneys at Law
816 Congress Avenue
Ste. 1900
Austin, TX 78701

Batch Number: 33295111

Batch Date: 10-05-2010

Client ID: 137735016

Return Method: Mail

Phone No: 5123225800

Document Number	Document Detail	Filing Number / Name	Page Count	Fee
332951110002	Certificate of Formation	Texas Coalition for Affordable Power	0	\$25.00
Total Document Fees				\$25.00

Payment Type	Payment Status	Payment Reference	Amount
Check	Received	15200	\$25.00
Total Payments Received			\$25.00
Total Amount Charged to Client Account			\$0.00
Total Amount Credited to Client Account			\$0.00

Note: This is not a bill. Please do not send any payments until the monthly statement is received.
Any amount credited to Client Account may be refunded upon request.
Refunds (if applicable) will be processed within 10 business days.
Acknowledgement of Filing Document(s) (if present) is attached.

User ID: LGEMUENDEN

Come visit us on the Internet @ <http://www.sos.state.tx.us/>

Phone:(512) 463-5555

FAX (512) 463-5709

Dial: 7-1-1 for Relay Services

AMENDED AND RESTATED
BYLAWS OF
TEXAS COALITION FOR AFFORDABLE POWER

WHEREAS, Texas Coalition for Affordable Power is organized pursuant to these Bylaws and to that certain Certificate of Formation filed with the Secretary of State on October 4, 2010; and

WHEREAS, South Texas Aggregation Project, Inc., a Texas non-profit corporation, and Cities Aggregation Power Project, Inc., a Texas non-profit corporation, anticipates merger with Texas Coalition for Affordable Power in accordance with that certain Certificate of Merger of Non-Profit Corporation (the "*Certificate*") to be filed with the Secretary of State of Texas in December 2010, to be effective January 1, 2011, and according to that certain plan of merger attached thereto (the "*Merger*"); and

WHEREAS, South Texas Aggregation Project, Inc. and Cities Aggregation Power Project, Inc., desire to participate in elections in the fall of 2010 for Board of Director positions for Texas Coalition for Affordable Power, which positions shall be in effect January 1, 2011; and

WHEREAS, Texas Coalition for Affordable Power desires to modify a provision relating to the election of Directors and otherwise ratify and affirm these Bylaws.

ARTICLE ONE

NAME, PURPOSES, POWERS AND OFFICES

Section 1.1. Name. The name of this corporation (the "*Corporation*") is Texas Coalition for Affordable Power.

Section 1.2. Purposes. The Corporation has been organized for any and all lawful business for which nonprofit corporations may be organized under the Texas Business Organizations Code (the "*Code*"), for the purposes of purchasing electricity, aiding or acting on behalf of its Members (as hereinafter defined) with respect to their own electricity use for their respective public facilities and that of their citizens, negotiating on behalf of its Members for the purchase of electricity, making contracts for the purchase of electricity, and taking any other actions necessary to purchase electricity for use in the public facilities of the political subdivision or subdivisions represented by the Corporation, for the purposes of acting as a local cooperative organization to purchase goods and services for its Members, and for all other purposes as may be permitted by law for political subdivision corporations.

Section 1.3. Powers. The Corporation is a nonprofit corporation and shall have all of the powers, duties, authorizations and responsibilities as provided in the Code; provided, however, the Corporation shall neither have nor exercise any power, nor engage directly or indirectly in any activity, that would invalidate its status as a corporation that is exempt from federal income tax as an organization described in Section 501(c)(6) of the Internal Revenue Code (2010).

Section 1.4. Offices. The Corporation may have, in addition to its registered office, offices at such places, both within and without the State of Texas, as the Board of Directors may from time to time determine or as the activities of the Corporation may require.

ARTICLE TWO

MEMBERS OF THE CORPORATION

Section 2.1. Members. A “**Member**” of the Corporation shall be a political subdivision of the State of Texas that passes a resolution by its governing body that accepts the Certificate of Formation and Bylaws of the Corporation and contracts for energy through the Corporation. Members will be ranked by annual power usage based on the previous calendar year. A “**Large Member**” shall be the top 10% of members based on annual power usage. A “**Medium Member**” shall be the next 20% of Members after the large members based on annual power usage. A “**Small Member**” shall be Members who are the remaining 70% of membership after large and medium members. Members will be defined on a bi-annual basis in even years, prior to elections based on the previous year’s annual usage.

Section 2.2. Associate Members. The Corporation may have associate members. An “**Associate Member**” is a political subdivision of the State of Texas whose governing body resolves to support the advocacy efforts of the Corporation, and pays annual dues that may be set from time to time by the Board of Directors (“**Associate Member Dues**”), but is not served under a power contract to which the Corporation is a party. Associate Members shall **not** have the right to vote on any matters of business of the Corporation, including, but not limited to, those voting rights described in Article 3 herein. The Board may, at its sole discretion, require a reinstatement fee of any Associate Member who desires to become a Member.

Section 2.3. Suspended Members. Any Member or Associate Member who is not currently served under a power contract to which the Corporation is a party shall have its membership in the Corporation suspended and shall be considered a “**Suspended Member**”.

Section 2.4. Withdrawal of Member. Any Member or Associate Member may withdraw from participation in the activities of the Corporation at any time upon thirty (30) days prior written notice to the Board of Directors, whereupon it shall cease to be a Member or Associate Member, and shall cease to be entitled or obligated to participate in the activities of all committees of the Board of Directors and shall have no further obligations as a Member; provided, however, that if such notice is given more than thirty (30) days after such Members receipt of its statement of annual dues, fees and expenses for a fiscal year, the Member or Associate Member shall be obligated to pay for the full fiscal year within which such termination is effective. Withdrawal of membership shall have no effect on power agreements to which the withdrawing entity may be contractually obligated, including, but not limited to, the payment of the Corporation’s Aggregation Fees for the duration of the then-current electric contract.

ARTICLE THREE

BOARD OF DIRECTORS

Section 3.1. General Powers; Delegation. The activities, property and affairs of the Corporation shall be managed by its Board of Directors, who may exercise all such powers of the Corporation and do all such lawful acts and things as are permitted by statute, by the Certificate of Formation or by these Bylaws. By illustration and without limitation, included among the powers of the Board of Directors is the power to negotiate the purchase of electricity, aid or act on behalf of the political subdivisions for which the corporation is created, make contracts for the purchase of electricity, purchase electricity, and take any other action necessary to purchase electricity for use in the public facilities or by the citizens of the political subdivision or subdivisions represented by the Corporation; provided, however, no Member shall be obligated under any such contract unless the Member approves such contract.

Section 3.2. Number and Qualifications. The Board of Directors shall initially consist of fifteen (15) Directors as more particularly described in Section 3.3 herein. The Board of Directors may increase or decrease the number of Directors by a resolution of the Board, however no such resolution shall have the effect of shortening or terminating the term of a current Director. Any full-time salaried employee or elected official of a Member shall be eligible to serve as a Director. Any Director who (a) ceases to be an official or full-time salaried employee of a Member; or (b) is an official of full-time salaried employee of a political subdivision who ceases to be a Member of the Corporation, or who refuses to extend a contract authorized by the Board of Directors or who otherwise expresses a desire to exit the corporation shall immediately become disqualified to serve as a Director and shall vacate such position. Such vacancy shall be filled according to Section 3.4 herein

Section 3.3. Election and Term of Office. The Directors of the Corporation shall be selected from nominations by the Members according to the provisions of this Section 3.3. No more than one (1) nominee may be nominated by each Member. The Members shall elect six (6) Directors from nominees of Large Members (Board Positions 1-6), three (3) Directors from nominees of Medium Members (Board Positions 7-9), and two (2) Directors from nominees of Small Members (Board Positions 10-11). The remaining four (4) Directors shall be those nominees who received the greatest number of votes but were not otherwise elected (Board positions 12-15). Notwithstanding the foregoing, it is the intent of the Members that each ERCOT Zone is represented by at least one (1) Director. To that end, for example, if one ERCOT Zone is not represented by a Director after elections have proceeded according to the above provisions, then the highest numbered Board Position to be elected (*e.g.*, Board Position 15) shall go to the nominee from such unrepresented ERCOT Zone instead of the nominee who otherwise would have been elected to such Board Position. Directors shall hold office for staggered two (2) year terms and until such Director's successor is chosen and qualified, or until such Director's earlier death, resignation, retirement, disqualification or removal from office. Directors may serve any number of consecutive terms. Board positions 1, 3, 5, 7, 9, 11, 13, and 15 will be selected in odd-numbered years. Board positions 2, 4, 6, 8, 10, 12 and 14 will be selected in even-numbered years. The terms 'odd' and 'even' shall apply to the year in which such Director's term of office begins. In order to stagger the terms of office, if the initial terms of office of all Directors begin in 2011, for example, then the initial term of office for odd numbered Board Positions will be two (2) years and the initial term of office for even numbered

Board Positions will be one (1) year. At the Annual Meeting every three (3) years, the Board shall consider whether to adopt term limits.

Section 3.4. Filling of Vacancies. Any vacancy occurring in the Board of Directors resulting from the death, resignation, retirement, disqualification or removal from office of any Director or as the result of an increase in the number of Directors may be filled by the Board. Any Director appointed to fill a vacancy shall hold office until the expiration of the term of the vacating Director.

Section 3.5. Removal. Any Director absent for any two (2) meetings of the Board in a twelve (12) month period shall be automatically removed from the Board subject to the discretion of a majority vote by the Board to exclude an absence from the twelve (12) month period. Directors may be removed from office, with or without cause, by a majority vote of Directors in attendance at a meeting of the Board of Directors, but only so long as written notice that such action shall be considered is provided sixty (60) days prior to such meeting to each Director by the President or Secretary of the Board of Directors. If any Director shall violate any of the terms of Article 11 herein, such Director may be immediately removed by a majority vote of the Board.

Section 3.6. Place of Meeting. Meetings of the Board of Directors shall be held at such places, within or without the State of Texas, as may from time to time be fixed by the Board of Directors or as shall be specified or fixed in the respective notices or waivers of notice thereof.

Section 3.7. Annual Meetings. Beginning in 2011, an annual meeting of the Board of Directors (the “**Annual Board Meeting**”) shall be held in conjunction with the Annual Meeting of the Membership (“**Annual Membership Meeting**”) the first week in January (or at such other time that the Board determines to be advisable) of each year in Austin, Texas (or at such other location as the Board determines to be advisable), at such time as the Directors shall determine. At such Annual Membership Meeting, each Member shall be entitled to vote in the election of Directors and upon such other matters as may come before the Annual Membership Meeting. A quorum for the election of Directors at the Annual Membership Meeting shall be considered achieved if at least twenty percent (20%) of the total voting-eligible Members are present in person or have submitted a vote by mail, email or facsimile ballot. At the Annual Board Meeting, the Directors shall recognize new members of the Board of Directors of the Corporation in accordance with the requirements of Sections 3.2-3.5 of these Bylaws, shall elect officers, and shall transact any and all other business as may properly come before the meeting. Written or printed notice stating the place, day and hour of each Annual Membership Meeting and Annual Board Meeting shall be delivered not less than ten (10) nor more than sixty (60) days before the date of such meeting to each Member and Director entitled to vote at such meetings, respectively.

Section 3.8. Regular Meetings. Regular meetings of the Board of Directors shall be held at such times and places as may be fixed from time to time by resolution adopted by the Board and communicated by notice to all Directors. The Board shall choose a location most convenient to the Directors which shall minimize travel expenses that may be reimbursed to Directors required to travel. Except as otherwise provided by statute, by the Certificate of Merger of Non-Profit Corporation, or by these Bylaws, any and all business may be transacted at any regular meeting.

Section 3.9. Special Meetings. Special meetings of the Board of Directors may be called by the President upon not less than one (1) nor more than sixty (60) days notice to each Director. Special meetings shall be called by the President or Secretary in like manner and on like notice on the written request of two (2) or more Directors. Except as otherwise provided by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws, neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting.

Section 3.10. Quorum and Manner of Acting. At all meetings of the Board of Directors the presence of a majority of the number of Directors then in office shall be necessary and sufficient to constitute a quorum for the transaction of business, except as otherwise provided by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws. The act of a majority of the Directors present in person at a meeting at which a quorum is present shall be the act of the Board of Directors unless the act of a greater number is required by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws, in which case the act of such greater number shall be requisite to constitute the act of the Board. If a quorum shall not be present at any meeting of the Directors, the Directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present. At any such adjourned meeting at which a quorum shall later be present, any business may be transacted which might have been transacted at the meeting as originally convened.

Section 3.11. No Compensation. Directors shall not receive any compensation for their services as Directors or as members of a standing or special committee of the Board, but may receive reimbursement for expenses incurred on behalf of the Corporation or in attending meetings of the Board of Directors (if, and to the extent, authorized by a resolution adopted by the Directors) and may receive compensation for serving the Corporation in any other capacity (if, and to the extent, authorized by a resolution adopted by the Directors).

Section 3.12. Telephone Meetings. Subject to the provisions of applicable law and these Bylaws regarding notice of meetings, members of the Board of Directors or members of any committee designated by such Board may, unless otherwise restricted by statute, by the Certificate of Merger of Non-Profit Corporation or by these Bylaws, participate in and hold a meeting of such Board of Directors or committee by using conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other or read the written text of each other's communication (e.g. email communications), and participation in a meeting pursuant to Section 3.10 shall constitute presence in person at such meeting, except when a person participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting was not lawfully called or convened. Annual Membership Meetings may be similarly conducted.

ARTICLE FOUR

COMMITTEES AND ADVISORY BOARDS

Section 4.1. Executive Committee of Board of Directors. The President of the Board of Directors may appoint an Executive Committee made up of Directors. Such Executive Committee shall have and exercise the authority of the Board of Directors in the management of

the Corporation to the extent permitted by resolution adopted by a majority of the Directors in office.

Section 4.2. Advisory Boards or Committees. The President of the Board of Directors may designate one or more advisory boards or committees not having and exercising the authority, responsibility, or duties of the Board of Directors in the management of the Corporation. A Director must serve as the Chair, Co-Chair, or Vice Chair of any committees designated, but committee membership may be made up of employees or officials of Members and Associate Members. The President shall appoint the members of such advisory boards or committees. Any member thereof may be removed by the President whenever in the President's judgment the best interests of the Corporation shall be served by such removal.

Section 4.3. Term of Office. Each member of an advisory board or committee shall continue as such until the next annual meeting of the directors of the Corporation and until such member's successor is appointed or elected, unless the board or committee is sooner terminated, or unless such member is removed from such board or committee or shall cease to qualify as a member thereof.

Section 4.4. Chairman. Unless otherwise designated by these Bylaws, one or more members of each advisory board or committee shall be appointed chairman, or co-chairman of such committee, by the President of the Board of Directors.

Section 4.5. Vacancies. Vacancies in the membership of any advisory board or committee may be filled by appointments made in the same manner as provided in the case of the original appointments or elections.

Section 4.6. Quorum; Manner of Acting. Unless otherwise provided in the resolution of the Board of Directors designating an advisory board or committee, a majority of the whole board or committee shall constitute a quorum, and the act of the majority of the members present at a meeting at which a quorum is present shall be the act of the board or committee.

Section 4.7. Rules. Each committee of directors, or advisory board or committee, may adopt rules for its own government not inconsistent with these Bylaws or with rules adopted by the Board of Directors.

ARTICLE FIVE

NOTICES

Section 5.1. Manner of Giving Notice. Whenever, under the provisions of any statute, the Certificate of Merger of Non-Profit Corporation or these Bylaws, notice is required to be given to any Director, advisory board member or committee member of the Corporation, and no provision is made as to how such notice shall be given, it shall not be construed to require personal notice, but any such notice may be given in writing by hand delivery, by facsimile transmission, by electronic mail or other form of electronic communication if permitted by the Code, or by mail, postage prepaid, addressed to such director or advisory board member or committee member at such person's address as it appears on the records of the Corporation. Any notice required or permitted to be given by mail shall be deemed to be delivered at the time when

the same shall be thus deposited in the United States mails, as aforesaid. Any notice required or permitted to be given by facsimile transmission or electronic mail or other form of electronic communication shall be deemed to be given upon successful transmission of such facsimile or electronic mail or other form of electronic communication.

Section 5.2. Waiver of Notice. Whenever any notice is required to be given to any Director or advisory board member or committee member of the Corporation under the provisions of any statute, the Certificate of Merger of Non-Profit Corporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether signed before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE SIX

OFFICERS, EMPLOYEES AND AGENTS: POWERS AND DUTIES

Section 6.1. Elected Officers. The elected officers of the Corporation shall include a President, a Vice President, a Secretary and a Treasurer. So far as is practicable, all elected officers shall be elected by the Board of Directors at each Annual Board Meeting. The Board of Directors shall elect from among the Directors a President and Vice President. The Secretary and Treasurer need not be a Director.

Section 6.2. Appointive Officers. The Board of Directors may also appoint one or more Assistant Secretaries and Assistant Treasurers and such other officers and assistant officers and agents as it shall from time to time deem necessary, who shall exercise such powers and perform such duties as shall be set forth in these Bylaws or determined from time to time by the Board.

Section 6.3. Two or More Offices. Any two (2) or more offices may be held by the same person, except that the President and Secretary shall not be the same person.

Section 6.4. Compensation. The compensation, if any, of all officers of the Corporation shall be fixed from time to time by the Board of Directors. The Board of Directors may from time to time delegate to the President the authority to fix the compensation of any or all of the other employees and agents of the Corporation. Any officer of the Corporation who receives compensation for his or her services in such capacity shall abstain from all discussions and voting with respect to the amount or any other aspect of such compensation.

Section 6.5. Reimbursement. Members and agents, employees and representatives of members may be reimbursed out-of-pocket expenses associated with Board sanctioned activity or for routine labor costs associated with performance of activities benefiting the Corporation, such as but not limited to financial and accounting services.

Section 6.6. Term of Office; Removal; Filling of Vacancies. Each elected officer of the Corporation shall hold office until such officer's successor is chosen and qualified in such officer's stead or until such officer's earlier death, resignation, retirement, disqualification or removal from office. Each appointive officer shall hold office at the pleasure of the Board of Directors without the necessity of periodic reappointment. Any officer or agent may be removed

at any time by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. If the office of any officer becomes vacant for any reason, the vacancy shall be filled by the Board of Directors. If any officer of the Corporation shall violate any of the provisions of Article 11 herein, such officer may be removed by a majority vote of the Directors.

Section 6.7. President. The President shall be the chief executive officer of the Corporation and, subject to the provisions of these Bylaws, shall have general supervision of the activities and affairs of the Corporation and shall have general and active control thereof. The President shall preside when present at meetings of the Board of Directors. The President shall have general authority to execute bonds, deeds and contracts in the name of the Corporation and to affix the corporate seal thereto; to cause the employment or appointment of such employees and agents of the Corporation as the proper conduct of operations may require and to fix their compensation; to remove or suspend any employee or agent; and in general to exercise all the powers usually appertaining to the office of president of a corporation, except as otherwise provided by statute, the Certificate of Formation or these Bylaws.

Section 6.8. Vice President. The Vice President shall assist the President and shall perform such duties as may be assigned by the President or by the Board of Directors. In the absence of the President, the Vice President shall have the powers and perform the duties of the President. In addition, the Vice President shall have such other powers and duties as from time to time may be assigned by the President or by the Board of Directors.

Section 6.9. Secretary. The Secretary shall see that notice is given of all annual and special meetings of the Board of Directors and shall keep and attest true records of all proceedings at all meetings of the Board. The Secretary shall have charge of the corporate seal and shall have authority to attest any and all instruments of writing to which the same may be affixed. The Secretary shall keep and account for all books, documents, papers and records of the Corporation, except those for which some other officer or agent is properly accountable. The Secretary shall generally perform all duties usually appertaining to the office of secretary of a corporation. In the absence or disability of the Secretary, the duties of such office shall be performed and the powers may be exercised by the Assistant Secretaries in the order of their seniority, unless otherwise determined by the Secretary, the President or the Board of Directors.

Section 6.10. Assistant Secretaries. Each Assistant Secretary shall generally assist the Secretary and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Secretary, the President or the Board of Directors.

Section 6.11. Treasurer. The Treasurer shall be the chief accounting and financial officer of the Corporation and shall have active control of and shall be responsible for all matters pertaining to the accounts and finances of the Corporation and shall direct the manner of certifying the same; shall supervise the manner of keeping all vouchers for payments by the Corporation and all other documents relating to such payments; shall receive, audit and consolidate all operating and financial statements of the Corporation and its various departments; shall have supervision of the books of account of the Corporation, their arrangements and classification; shall supervise the accounting and auditing practices of the Corporation and shall have charge of all matters relating to taxation. The Treasurer shall have the care and custody of all monies, funds and securities of the Corporation; shall deposit or cause to be deposited all such

funds in and with such depositories as the Board of Directors shall from time to time direct or as shall be selected in accordance with procedures established by the Board; shall advise upon all terms of credit granted by the Corporation; shall be responsible for the collection of all its accounts and shall cause to be kept full and accurate accounts of all receipts, disbursements and contributions of the Corporation. The Treasurer shall have the power to endorse for deposit or collection or otherwise all checks, drafts, notes, bills of exchange or other commercial papers payable to the Corporation, and to give proper receipts or discharges for all payments to the Corporation. The Treasurer shall generally perform all duties usually appertaining to the office of treasurer of a corporation. Any or all of the duties of the Treasurer may be delegated to one or more appointive officers or employees of the Corporation upon the approval of such delegation by the Board of Directors. In the absence or disability of the Treasurer, the duties of such office shall be performed and the powers may be exercised by the Assistant Treasurers in the order of their seniority, unless otherwise determined by the Treasurer, the President or the Board of Directors.

Section 6.12. Assistant Treasurers. Each Assistant Treasurer shall generally assist the Treasurer and shall have such powers and perform such duties and services as shall from time to time be prescribed or delegated to such office by the Treasurer, the President or the Board of Directors.

Section 6.13. Additional Powers and Duties. In addition to the foregoing specially enumerated duties, services and powers, the several elected and appointed officers (e.g. an Executive Director and any other employees) of the Corporation shall perform such other duties and services and exercise such further powers as may be provided by statute, the Certificate of Formation or these Bylaws, or as the Board of Directors may from time to time determine or as may be assigned by any competent superior officer.

ARTICLE SEVEN

CONTRACTS, CHECKS, DEPOSITS AND FUNDS

Section 7.1. Contracts. The Board of Directors may authorize any officer or officers, or agent or agents, of the Corporation, in addition to the officers so authorized by these Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 7.2. Checks, Drafts or Orders for Payment. All checks, drafts or orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents, of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. In the absence of such determination, such instruments shall be signed by the President or the Treasurer of the Corporation.

Section 7.3. Deposits. All funds of the Corporation shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may select or as may be selected in accordance with procedures established by the Board.

Section 7.4. Conflicts of Interest. No contract or agreement may be entered into by and between the Corporation and any of the following: (a) a director, officer, committee member, or employee of the Corporation (hereinafter an “Insider”); or (b) any corporation, partnership, trust, sole proprietorship or any other entity (hereinafter an “Entity”) in which an interest is owned or held, directly or indirectly, by or for the benefit of an Insider, unless (i) the transaction is approved in accordance with Section 22.230 of the Texas Business Organizations Code; and (ii) if one or more of the parties to the contract is a “disqualified person” with respect to the Corporation with in the meaning of Section 4958 of the Internal Revenue Code, either (x) such transaction is reviewed and approved in accordance with the “rebuttable presumption safe harbor” provisions set forth in the regulations promulgated under Section 4958 of the Internal Revenue Code or (y) the Board of Directors or any committee thereof determines that such procedures are not necessary for the transaction involved and records its specific findings for making such determination; provided, however, that the following contracts and agreements shall not be subject to the foregoing prohibition: a wholly gratuitous transfer of assets or promise to transfer assets to the Corporation of any kind, including, but not limited to, a charitable contribution of cash or property to the Corporation, an interest-free loan, a wholly gratuitous lease, a pledge, a guarantee, an assumption of liability, a bailment, or a consignment. All Insiders shall, as a condition of qualifying and continuing to qualify as a director, officer, committee member and/or employee of the Corporation, abide by such conflict of interest policies as the Board of Directors may adopt from time to time.

ARTICLE EIGHT

ACTIONS WITHOUT MEETINGS

Section 8.1. Unanimous Consent. Any action required or permitted to be taken at any meeting of the Directors or the members of a committee may be taken without a meeting if a consent in writing setting forth the action to be taken shall be signed by all of the Directors or all of the committee members, as the case may be. Such consent shall have the same force and effect as a unanimous vote, and may be stated as such in any document.

Section 8.2. Other Action Without a Meeting. Any action required or permitted to be taken at any meeting of Directors or committee members may be taken without a meeting, if a consent or consents in writing, setting forth the action so taken, shall be signed by at least a majority (or such greater percentage as may be required for the particular action under the Texas Business Organizations Code or these Bylaws), of all the Directors or committee members, as the case may be, so long as at least twenty-four (24) hours' notice of the proposed action is sent to each director or each committee member at the address or facsimile number of such director or committee member that appears in the records of the Corporation. Prompt notice of the taking of any action by the directors or the members of a committee without a meeting by less than unanimous written consent shall be given to those directors or committee members who did not consent in writing to the action. Every written consent signed by less than all the directors or committee members entitled to vote with respect to the action that is the subject of the consent shall bear the date of signature of each person who signs the consent. No written consent signed by less than all the directors or committee members entitled to vote with respect to the action that is the subject of the consent shall be effective to take such action unless, within sixty (60) days after the date of the earliest dated consent delivered to the Corporation in the manner required by

law, a consent or consents signed by not less than the minimum number of directors or committee members that would be necessary to take the action that is the subject of the consent are delivered to the Corporation by delivery to its registered office, registered agent, or principal place of business, or by delivery to an officer or agent of the Corporation having custody of the books in which proceedings of meetings are recorded. Delivery shall be by hand or certified or registered mail, return receipt requested. Delivery to the Corporation's principal place of business shall be addressed to the President or principal executive officer of the Corporation. A telegram, telex, cablegram or similar transmission by a director or committee member, or a photographic, photostatic, facsimile or similar reproduction of a writing signed by a director or committee member, shall be regarded as signed by the director or committee member for purposes of this Section 8.2.

ARTICLE NINE

FUNDING OF THE CORPORATION

Section 9.1. Generally. The Corporation shall be funded through the collection of (a) fees assessed against Members based upon such Member's power consumption ("**Aggregation Fees**") as further described in this Article Nine; (b) Associate Member Dues assessed annually against Associate Members; and (c) specially assessed fees ("**Special Assessment Fees**") against Members or Associate Members that may be necessary to meet contractual or other legally enforceable obligations. Aggregation Fees (including Initial STAP Aggregation Fee and Initial CAPP Aggregation Fee as defined below), and Special Assessment Fees, may collectively be referred to herein as "**Fees**." Associate Member Dues may collectively be referred to herein as "**Dues**." The Board of Directors shall have the authority to set Fees and Dues and any penalties for failure to timely pay such Fees and Dues assessed against Members and Associate Members.

Section 9.2. Fees. In the first calendar year following the Merger, the Aggregation Fee for Members formerly members of South Texas Aggregation Project, Inc., shall not exceed \$00.001 per kWh per month (the "**Initial STAP Aggregation Fee**"). In the first calendar year following the Merger, the Fee for Members formerly members of Cities Aggregation Power Project, Inc., shall not exceed \$00.0013 per kWh per month (the "**Initial CAPP Aggregation Fee**"). After the expiration of such first calendar year, the Board shall set common Aggregation Fees for all Members sufficient to support the Corporation's annual budget. Associate Member Dues shall be one cent (\$00.01) per capita or \$1,000.00, whichever is greater, to be assessed annually in January. Associate Members without resident populations shall be assessed \$1,000.00 annually.

Section 9.3. Statements. Aggregation Fees shall be billed to Members on a monthly or other periodic basis by the Retail Electric Provider that is party to the current power supply agreement. Associate Member Dues shall be billed annually in January or on a pro rata basis in the month a political subdivision becomes an Associate Member. Special Assessment Fees, other fees and expenses ("**Expenses**") shall be billed to Members and Associate Members as may be appropriate. The Board shall determine due dates for Fees and Expenses.

Section 9.4. Books and Records. All Members of the Corporation shall have reasonable access to the books and records of the Corporation, including financial statements and budgets and audits. Notwithstanding the foregoing, the Board of Directors may adopt policies that

provide reasonable protection against the unreasonable disclosure of information. The Corporation's accounting shall adhere to the Generally Accepted Accounting Principals and shall be based upon the calendar year beginning January 1st and ending December 31st.

ARTICLE TEN

INDEMNIFICATION

Section 10.1. Liability. A Director, officer, employee or agent of the Corporation who performs his or her duties in good faith, in a manner he or she reasonably believes to be in the best interests of the Corporation, and with such care as an ordinarily prudent person in a like position would use under the same or similar circumstances, shall not have any liability for an action taken or omission made by such Director, officer, employee or agent of the Corporation in that person's capacity as an Director, officer, employee or agent of the Corporation. No Director, officer, employee or agent shall be liable for any action take or omitted by another Director, officer employee or agent.

Section 10.2. **INDEMNIFICATION**. EACH PERSON WHO AT ANY TIME SHALL SERVE, OR SHALL HAVE SERVED, AS A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE CORPORATION, OR ANY PERSON WHO, WHILE A DIRECTOR, OFFICER, EMPLOYEE OR AGENT OF THE CORPORATION, IS OR WAS SERVING AT ITS REQUEST AS A DIRECTOR, OFFICER, PARTNER, VENTURER, PROPRIETOR, TRUSTEE, EMPLOYEE, AGENT OR SIMILAR FUNCTIONARY OF ANOTHER FOREIGN OR DOMESTIC CORPORATION, PARTNERSHIP, JOINT VENTURE, SOLE PROPRIETORSHIP, TRUST EMPLOYEE BENEFIT PLAN OR OTHER ENTERPRISE, SHALL BE ENTITLED TO INDEMNIFICATION AS, AND TO THE FULLEST EXTENT, PERMITTED BY, ARTICLE 1396 SECTION 2.22A OF THE TEXAS NON-PROFIT CORPORATION ACT OR ANY SUCCESSOR STATUTORY PROVISION, AS FROM TIME TO TIME AMENDED, SUCH ARTICLE OR SUCCESSOR PROVISION, BEING INCORPORATED IN FULL IN THESE BYLAWS BY REFERENCE. THE FOREGOING RIGHT OF INDEMNIFICATION SHALL NOT BE DEEMED EXCLUSIVE OF ANY OTHER RIGHTS TO WHICH THOSE TO BE INDEMNIFIED MAY BE ENTITLED AS A MATTER OF LAW OR UNDER ANY AGREEMENT, VOTE OF DISINTERESTED DIRECTORS, OR OTHER ARRANGEMENT. IT IS EXPRESSLY ACKNOWLEDGED THAT THE INDEMNIFICATION PROVIDED IN THIS ARTICLE COULD INVOLVE INDEMNIFICATION FOR NEGLIGENCE OR UNDER THEORIES OF STRICT LIABILITY.

ARTICLE ELEVEN

CODE OF CONDUCT

Section 11.1. Policy and Purposes. It is the policy of the Corporation that Directors and officers conduct themselves in a manner consistent with sound business and ethical practices;

that the public interest always be considered in conducting corporate business; that the appearance of impropriety be avoided to ensure and maintain public confidence in the Corporation; and that the Board establish policies to control and manage the affairs of the Corporation fairly, impartially, and without discrimination.

This Code of Ethics has been adopted as part of the Corporation's Bylaws for the following purposes: (a) to encourage high ethical standards in official conduct by Directors and corporate officers; and (b) to establish guidelines for such ethical standards of conduct.

Section 11.2. Conflicts of Interest.

(a) Except as provided in subsection (c), a Director or officer is prohibited from participating in a vote, decision, or award of a contract involving a business entity or real property in which the Director or the officer has a substantial interest, if it is foreseeable that the business entity or real property will be economically benefitted by the action. A person has a substantial interest in a business (i) if his or her ownership interest is ten percent or more of the voting stock or shares of the business entity or ownership of \$15,000 or more of the fair market value of the business entity, or (ii) if the business entity provides more than ten percent of the person's gross income. A person has a substantial interest in real property if the interest is an equitable or legal ownership with a fair market value of \$2,500 or more. An interest of a person related in the first degree by affinity (marriage relationship) or consanguinity (blood relationship) to a Director or officer is considered a substantial interest.

(b) If a Director or a person related to a Director in the first degree by affinity or the first degree by consanguinity has a substantial interest in a business entity or real property that would be pecuniarily affected by any official action taken by the Board, such Director, before a vote or decision on the matter, shall file an affidavit stating the nature and extent of the interest. The affidavit shall be filed with the Secretary of the Board.

(c) A Director who has a substantial interest in a business entity that will receive a pecuniary benefit from an action of the Board may vote on that action if a majority of the Board has a similar interest in the same action or if all other similar business entities in the Corporation will receive a similar pecuniary benefit.

(d) An employee of a public entity may serve on the Board. It is specifically recognized that as an official or employee of a public entity, that person's primary loyalty is to the political subdivision that employs them. It shall not be a conflict of interest for said Board member to express opinions or vote in a manner that reflects the self-interest of the public entity that the Board member represents.

Section 11.3. Acceptance of Gifts. No Director or officer shall accept any benefit as consideration for any decision, opinion, recommendation, vote or other exercise of discretion in carrying out official acts for the Corporation. No Director or officer shall solicit, accept, or agree to accept any benefit from a person known to be interested in or likely to become interested in any contract, purchase, payment, claim or transaction involving the exercise of the Director's or officer's discretion. As used here, a benefit does not include:

(a) a fee prescribed by law to be received by a Director or officer or any other benefit

to which the Director or officer is lawfully entitled or for which he or she gives legitimate consideration in a capacity other than as a Director or officer,

(b) a gift or other benefit conferred on account of kinship or a personal, professional, or business relationship independent of the official status of the Director or officer;

(c) an honorarium in consideration for legitimate services rendered above and beyond official duties and responsibilities if:

(i) not more than one honorarium is received from the same person in a calendar year;

(ii) not more than one honorarium is received for the same service; and

(iii) the value of the honorarium does not exceed \$50 exclusive of reimbursement for travel, food, and lodging expenses incurred by the Director or officer in performance of the services.

(d) a benefit consisting of food, lodging, transportation, or entertainment accepted as a guest if reported as may be required by law.

Section 11.4. Bribery. A Director or officer shall not intentionally or knowingly offer, confer or agree to confer on another, or solicit, accept, or agree to accept from another:

(a) any benefit as consideration for the Director's or officer's decision, opinion, recommendation, vote, or other exercise of discretion as a Director or officer;

(b) any benefit as consideration for the Director or officer's decision, vote, recommendation, or other exercise of official discretion in a judicial or administrative proceeding; or

(c) any benefit as consideration for a violation of duty imposed by law on the Director or officer.

Section 11.5. Nepotism. No Director or officer shall appoint, or vote for, or confirm the appointment to any office, position, clerkship, employment or duty, of an person related within the second degree by affinity or within the third degree of consanguinity to the Director or officer so appointing, voting or confirming, or to any other Director or officer. This provision shall not prevent the appointment, voting for, or confirmation of any person who shall have been continuously employed in any such office, position, clerkship, employment or duty at least thirty (30) days prior to the appointment of the Director or officer so appointing or voting.

ARTICLE TWELVE

MISCELLANEOUS

Section 12.1. Dividends Prohibited. No part of the net income of the Corporation shall inure to the benefit of any private individual and no dividend shall be paid and no part of the income of the Corporation shall be distributed to its Directors or officers. Notwithstanding the foregoing, the Corporation may reimburse reasonable expenses as provided in Sections 3.11 and 6.5.

Section 12.2. Loans to Officers and Directors Prohibited. No loans shall be made by the Corporation to its officers or Directors. Any Directors voting for or assenting to the making of any loan to a Director or officer which is prohibited by the Texas Business Organizations Code and Texas Non-Profit Corporation Act, and any officer participating in the making thereof, shall be jointly and severally liable to the Corporation for the amount of such loan until repayment thereof.

Section 12.3. Amendments. These Bylaws may be amended or repealed, or new bylaws may be adopted, at any meeting of the Board of Directors by the affirmative vote of a majority of the number of the Directors then in office. Notwithstanding the foregoing, notice of the proposed amendment, repeal or adoption must be contained in the notice of such meeting; provided, however, that the foregoing notice requirement shall not prohibit the Board of Directors from adopting the proposed amendment, effecting the proposed repeal or adopting the proposed new bylaws, as the case may be, in a modified form which is not identical to that described or set forth in the notice of such meeting.

Section 12.4. Fiscal Year. The fiscal year of the Corporation shall be based upon the calendar year beginning January 1st and ending December 31st.

Section 12.5. Seal. The Corporation's seal, if any, shall be in such form as shall be adopted and approved from time to time by the Board of Directors. The seal may be used by causing it, or a facsimile thereof, to be impressed, affixed, imprinted or in any manner reproduced.

Section 12.6. Gender. Words of either gender used in these Bylaws shall be construed to include the other gender, unless the context requires otherwise.

Section 12.7. Invalid Provisions. If any part of these Bylaws shall be held invalid or inoperative for any reason, the remaining parts, so far as is possible and reasonable, shall remain valid and operative.

Section 12.8. Headings. The headings used in these Bylaws are for convenience only and do not constitute matter to be construed in the interpretation of these Bylaws.

ARTICLE THIRTEEN

DISSOLUTION

The resolution to dissolve the Corporation may only be made by a three-fourths ($\frac{3}{4}$) vote of the Members of the Corporation, with each Member receiving one (1) vote. Such dissolution will thereafter be governed by the Code.

* * * * *

The undersigned, being the duly elected and qualifying Secretary of the Corporation, hereby certifies that the foregoing Amended and Restated Bylaws of the Corporation were duly adopted by the Board of Directors of the Corporation on December 9, 2010.

_____, Secretary