

UTILITIES CODE

TITLE 4. DELIVERY OF UTILITY SERVICES

SUBTITLE A. UTILITY CORPORATIONS AND OTHER PROVIDERS

CHAPTER 161. ELECTRIC COOPERATIVE CORPORATIONS

SUBCHAPTER A. GENERAL PROVISIONS

Sec. 161.001. SHORT TITLE. This chapter may be cited as the Electric Cooperative Corporation Act.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.002. DEFINITIONS. In this chapter:

(1) "Acquire" means and includes construct, acquire by purchase, lease, devise, or gift, or other mode of acquisition.

(2) "Board" means the board of directors of an electric cooperative.

(3) "Central station service" means electric service provided by a municipally owned electric system or by an electric corporation described by Subchapter A, Chapter 181.

(4) "Electric cooperative" means a corporation that is organized under this chapter or that becomes subject to this chapter as provided by this chapter.

(5) "Member" means:

(A) an incorporator of an electric cooperative;
or

(B) a person admitted to membership in the electric cooperative as provided by Section 161.065.

(6) "Obligation" includes a bond, note, debenture, interim certificate or receipt, or other evidence of indebtedness issued by an electric cooperative.

(7) "Rural area" means an area, including both farm and nonfarm population of the area, that is not located in:

(A) a municipality having a population greater than 1,500; or

(B) an unincorporated city, town, village, or borough having a population greater than 1,500.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.003. CONSTRUCTION OF CHAPTER. This chapter shall be liberally construed. The enumeration of a purpose, power, method, or thing does not exclude similar purposes, powers, methods, or things.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.004. CERTAIN CORPORATE NAMES PROHIBITED. A corporation organized under the laws of this state or authorized to do business in this state may not use the words "electric cooperative" in the corporation's name unless the corporation is organized under this chapter.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.005. CHAPTER COMPLETE AND CONTROLLING. This chapter is complete in itself and is controlling.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER B. CREATION AND OPERATION OF ELECTRIC COOPERATIVES

Sec. 161.051. INCORPORATORS. (a) Three or more individuals may act as incorporators of an electric cooperative by executing articles of incorporation as provided by this chapter.

(b) An incorporator must:

- (1) be at least 21 years of age; and
- (2) reside in this state.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.052. DURATION OF CORPORATION. An electric cooperative may be created as a perpetual corporation.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.053. NAME OF ELECTRIC COOPERATIVE. The name of an electric cooperative must:

- (1) include the words "Electric Cooperative";
- (2) include the term "Corporation," "Incorporated," "Inc.," "Association," or "Company"; and

(3) be distinct from the name of any other corporation organized under the laws of this state.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.054. ARTICLES OF INCORPORATION. (a) The articles of incorporation of an electric cooperative must state:

- (1) the name of the cooperative;
- (2) the purpose for which the cooperative is formed;
- (3) the name and address of each incorporator;
- (4) the number of directors;
- (5) the address of the cooperative's principal office and the name and address of its agent on whom process may be served;
- (6) the duration of the cooperative;
- (7) the terms under which a person is admitted to membership and retains membership in the cooperative, unless the articles expressly state that the determination of membership matters is reserved to the directors by the bylaws; and
- (8) any provisions that the incorporators include for the regulation of the business and the conduct of the affairs of the cooperative.

(b) The articles of incorporation do not need to state any of the corporate powers enumerated in this chapter.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.055. FILING AND RECORDING OF ARTICLES OF INCORPORATION. (a) The secretary of state shall receive articles of incorporation of an electric cooperative if the incorporators of the cooperative:

- (1) apply for filing the articles;
- (2) furnish satisfactory evidence of compliance with this chapter to the secretary of state; and
- (3) pay a fee of \$10.

(b) The secretary of state shall:

- (1) file the articles of incorporation in the secretary's office;
- (2) record the articles at length in a book to be kept for that purpose;

(3) retain the original articles of incorporation on file in the secretary's office; and

(4) issue a certificate showing the recording of the articles of incorporation and the electric cooperative's authority to do business under the articles.

(c) A copy of the articles of incorporation or of the record of the articles, certified under the state seal, is evidence of the creation of the electric cooperative.

(d) The existence of the electric cooperative dates from the filing of the articles in the office of the secretary of state. The certificate of the secretary of state is evidence of that filing. Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.056. REVIVAL OF ARTICLES OF INCORPORATION. (a) If the articles of incorporation of an electric cooperative expire by limitation, the cooperative, with the consent of a majority of its members, may revive the articles by filing:

(1) new articles of incorporation under this chapter; and

(2) a certified copy of the expired original articles.

(b) An electric cooperative that revives its articles of incorporation has all the privileges, immunities, and rights of property exercised and held by the cooperative at the time the original articles expired.

(c) New articles of incorporation filed under this section must recite the privileges, immunities, and rights of property exercised and held by the cooperative at the time the original articles expired.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.057. ORGANIZATIONAL MEETING. (a) After the certificate of incorporation is issued, the incorporators of an electric cooperative shall meet to adopt bylaws, elect officers, and transact other business that properly comes before the meeting.

(b) A majority of the incorporators shall call the organizational meeting.

(c) The incorporators calling the organizational meeting

shall give at least three days' notice of the meeting by mail to each incorporator. The notice must state the time and place of the meeting. The notice may be waived in writing.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.058. PERFECTING DEFECTIVELY ORGANIZED CORPORATION. (a) An electric cooperative that files defective articles of incorporation or fails to take an action necessary to perfect its corporate organization may:

(1) file corrected articles of incorporation or amend the original articles; and

(2) take any action necessary to correct the defect.

(b) An action taken under this section is valid and binding on any person concerned.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.059. NONPROFIT OPERATION. (a) An electric cooperative shall operate without profit to its members.

(b) The rates, fees, rents, and other charges for electric energy and other facilities, supplies, equipment, or services furnished by the cooperative must be sufficient at all times to:

(1) pay all operating and maintenance expenses necessary or desirable for the prudent conduct of its business;

(2) pay the principal of and interest on the obligations issued or assumed by the cooperative in performing the purpose for which the cooperative was organized; and

(3) create reserves.

(c) The cooperative shall devote its revenues:

(1) first to the payment of operating and maintenance expenses and the principal and interest on outstanding obligations; and

(2) then to the reserves prescribed by the board for improvement, new construction, depreciation, and contingencies.

(d) The cooperative shall periodically return revenues not required for the purposes prescribed by Subsection (c) to the members in proportion to the amount of business done with each member during the applicable period. The cooperative may return

revenues:

- (1) in cash, by abatement of current charges for electric energy, or in another manner determined by the board; or
- (2) through a general rate reduction to members.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.060. MEMBERS NOT LIABLE FOR DEBTS OF ELECTRIC COOPERATIVE. A member is not liable for a debt of an electric cooperative except for:

- (1) a debt contracted between the member and the cooperative; or
- (2) an amount not to exceed the unpaid amount of the member's membership fee.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.061. LICENSE FEE. Not later than May 1 of each year, each electric cooperative shall pay to the secretary of state a license fee of \$10.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.062. EXEMPTION FROM EXCISE TAXES. An electric cooperative is exempt from all excise taxes but is exempt from the franchise tax imposed by Chapter 171, Tax Code, only if the cooperative is exempted by that chapter.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Text of section effective until January 01, 2022

Sec. 161.063. EXEMPTION FROM APPLICATION OF SECURITIES ACT. The Securities Act (Article 581-1 et seq., Vernon's Texas Civil Statutes) does not apply to:

- (1) an obligation issued to secure a debt of an electric cooperative to the United States; or
- (2) the issuance of a membership certificate by an electric cooperative.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. 4171), Sec. 2.42,

eff. January 1, 2022.

Text of section effective on January 01, 2022

Sec. 161.063. EXEMPTION FROM APPLICATION OF SECURITIES ACT. The Securities Act (Title 12, Government Code) does not apply to:

(1) an obligation issued to secure a debt of an electric cooperative to the United States; or

(2) the issuance of a membership certificate by an electric cooperative.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Amended by:

Acts 2019, 86th Leg., R.S., Ch. 491 (H.B. [4171](#)), Sec. 2.42, eff. January 1, 2022.

Sec. 161.064. BYLAWS. (a) The board may adopt, amend, or repeal the bylaws of the cooperative.

(b) The bylaws may contain any provision for the regulation and management of the affairs of the electric cooperative that is consistent with the articles of incorporation.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.065. MEMBERSHIP. (a) A person is eligible to become a member of an electric cooperative if the person has a dwelling, structure, apparatus, or point of delivery at which the person does not receive central station service from another source and that is located in an area in which the cooperative is authorized to provide electric energy, and the person:

(1) uses or agrees to use electric energy or the facilities, supplies, equipment, or services furnished by the cooperative at the dwelling, structure, apparatus, or point of delivery; or

(2) is an incorporator of the cooperative.

(b) An electric cooperative may become a member of another electric cooperative and may fully use the facilities and services of that cooperative.

(c) Membership in an electric cooperative is not

transferable.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.066. CERTIFICATE OF MEMBERSHIP. (a) An electric cooperative shall issue a certificate of membership to a member who pays the member's membership fee in full.

(b) A certificate of membership is not transferable.

(c) A certificate of membership shall be surrendered to the cooperative on the resignation, expulsion, or death of the member.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.067. MEETINGS OF MEMBERS. (a) An electric cooperative may hold a meeting of its members at a place provided in the bylaws. If the bylaws do not provide for a place for a meeting, the cooperative shall hold the meeting in the principal office of the cooperative in this state.

(b) An electric cooperative shall hold an annual meeting of its members at the time provided in the bylaws. Failure to hold the annual meeting at the designated time does not result in forfeiture or dissolution of the cooperative.

(c) A special meeting of the members may be called by:

(1) the president;

(2) the board;

(3) a majority of the directors;

(4) the members by a petition signed by at least 10 percent of the members; or

(5) an officer or other person as provided by the articles of incorporation or bylaws.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.068. NOTICE OF MEMBERS' MEETING. (a) Written notice of each meeting of the members shall be delivered to each member of record, either personally or by mail, not earlier than the 30th day or later than the 10th day before the date of the meeting. The notice must be delivered by or at the direction of the president, the secretary, or the officers or other persons calling the meeting.

(b) The notice must state the time and place of the meeting and, in the case of a special meeting, each purpose for which the meeting is called.

(c) A member may waive notice of meetings in writing.

(d) A notice that is mailed is considered to be delivered when the notice is deposited in the United States mail in a sealed envelope with postage prepaid addressed to the member at the member's address as it appears on the records of the electric cooperative.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.069. QUORUM OF MEMBERS. Unless otherwise provided by the articles of incorporation, a quorum for the transaction of business at a meeting of the members of an electric cooperative is a majority of the members present in person or represented by proxy. If voting by mail is provided for in the bylaws, members voting by mail are counted as present for purposes of determining whether a quorum is present.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.070. VOTING BY MEMBERS. Each member present at a meeting of the members is entitled to one vote on each matter submitted to a vote at the meeting. The bylaws may provide for voting by proxy or by mail.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.071. BOARD OF DIRECTORS. (a) The business and affairs of an electric cooperative shall be managed by a board of directors. The board consists of at least three directors. Each director must be a member of the cooperative. The bylaws may prescribe additional qualifications for directors.

(b) The board may exercise any power of an electric cooperative not conferred on the members by this chapter or by the cooperative's articles of incorporation or bylaws.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.072. ELECTION OF DIRECTORS; VACANCIES. (a) The

incorporators of an electric cooperative named in the articles of incorporation shall serve as directors until the first annual meeting of the members, and until their successors are elected and qualify. Subsequently, the directors shall be elected by the members at each annual meeting or as otherwise provided by the bylaws.

(b) A vacancy on the board shall be filled as provided by the bylaws. A person selected to fill a vacancy serves until the next regular election of directors.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.073. COMPENSATION OF DIRECTORS. A director of an electric cooperative is entitled to the compensation and reimbursement for expenses actually and necessarily incurred by the director as provided by the bylaws.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.074. QUORUM OF DIRECTORS. (a) A majority of the directors is a quorum unless the articles of incorporation or the bylaws provide that a greater number of the directors is a quorum.

(b) A majority of the directors present at a meeting at which a quorum is present may exercise the board's authority unless the articles of incorporation or the bylaws require a greater number of directors to exercise the board's authority.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.075. BOARD MEETINGS. (a) The board shall hold a regular or special board meeting at the place and on the notice prescribed by the bylaws.

(b) The attendance of a director at a board meeting constitutes a waiver of notice of the meeting unless the director attends the meeting for the express purpose of objecting to the transaction of business at the meeting because the meeting is not lawfully called or convened.

(c) A notice or waiver of notice of a board meeting is not required to specify the business to be transacted at the meeting or the purpose of the meeting.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.076. OFFICERS, AGENTS, AND EMPLOYEES. (a) The board shall elect from the board's membership a president, a vice president, a secretary, and a treasurer. The terms of office, powers, duties, and compensation of the officers elected under this subsection shall be provided for by the bylaws.

(b) The same person may hold the offices of secretary and of treasurer.

(c) The board may appoint other officers, agents, and employees as the board considers necessary and shall prescribe the powers, duties, and compensation of those persons.

(d) The board may remove an officer, agent, or employee elected or appointed by the board if the board determines that the removal will serve the best interests of the cooperative.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.077. EXECUTIVE COMMITTEE. (a) The bylaws of an electric cooperative may authorize the board to elect an executive committee from the board's membership.

(b) The board may delegate to the executive committee the management of the current and ordinary business of the cooperative and other duties as prescribed by the bylaws.

(c) The designation of an executive committee and the delegation of authority to the committee does not relieve the board or any director of a responsibility imposed on the board or the director by this chapter.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.078. INDEMNIFICATION. An electric cooperative may indemnify and provide indemnity insurance in the same manner and to the same extent as a nonprofit corporation under Article 2.22A, Texas Non-Profit Corporation Act (Article 1396-2.22A, Vernon's Texas Civil Statutes).

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.079. APPLICABILITY OF CHAPTER TO CORPORATIONS

ORGANIZED UNDER OTHER LAW. A cooperative or nonprofit corporation or association organized under any other law of this state for the purpose of engaging in rural electrification may, by a majority vote of the members present in person or represented by proxy at a meeting called for that purpose, amend its articles of incorporation to comply with this chapter.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER C. POWERS OF ELECTRIC COOPERATIVE

Sec. 161.121. GENERAL POWERS. An electric cooperative may:

- (1) sue and be sued in its corporate name;
- (2) adopt and alter a corporate seal and use the seal or a facsimile of the seal as required by law;
- (3) acquire, own, hold, maintain, exchange, or use property or an interest in property, including plants, buildings, works, machinery, supplies, equipment, apparatus, and transmission and distribution lines or systems that are necessary, convenient, or useful;
- (4) dispose of, mortgage, or lease as lessor any of its property or assets;
- (5) borrow money and otherwise contract indebtedness, issue obligations for its indebtedness, and secure the payment of indebtedness by mortgage, pledge, or deed of trust on any or all of its property or revenue;
- (6) accept gifts or grants of money, services, or property;
- (7) make any contracts necessary or convenient for the exercise of the powers granted by this chapter;
- (8) conduct its business and have offices inside or outside this state;
- (9) adopt and amend bylaws not inconsistent with the articles of incorporation for the administration and regulation of the affairs of the cooperative; and
- (10) perform any other acts for the cooperative or its members or for another electric cooperative or its members, and exercise any other power, that may be necessary, convenient, or

appropriate to accomplish the purpose for which the cooperative is organized, including other or additional purposes that benefit members and nonmembers, either directly or through affiliates, described in Section A, Article 2.01, Texas Non-Profit Corporation Act (Article 1396-2.01, Vernon's Texas Civil Statutes).

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997. Amended by Acts 1999, 76th Leg., ch. 62, Sec. 18.15(a), eff. Sept. 1, 1999.

Sec. 161.122. PROVISION OF RURAL ELECTRIFICATION. An electric cooperative may engage in rural electrification by:

(1) furnishing electric energy to any person for delivery to a dwelling, structure, apparatus, or point of delivery that is:

(A) located in a rural area; and

(B) not receiving central station service, even if the person is receiving central station service at other points of delivery;

(2) furnishing electric energy to a person desiring that service in a municipality or unincorporated city or town, rural or nonrural, served by the cooperative and in which central station service was not available at the time the cooperative began furnishing electric energy to the residents of the municipality or unincorporated city or town;

(3) assisting in the wiring of the premises of persons in rural areas or the acquisition, supply, or installation of electrical or plumbing equipment in those premises; or

(4) furnishing electric energy, wiring facilities, or electrical or plumbing equipment or service to another electric cooperative or to the members of another electric cooperative.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.123. POWERS RELATING TO PROVISION OF ELECTRIC ENERGY. An electric cooperative may:

(1) generate, acquire, and accumulate electric energy and transmit, distribute, sell, furnish, and dispose of that electric energy to its members only;

(2) assist its members only to wire their premises and

install in those premises electrical and plumbing fixtures, machinery, supplies, apparatus, and equipment of any kind, and in connection with those activities:

(A) acquire, lease, sell, distribute, install, and repair electrical and plumbing fixtures, machinery, supplies, apparatus, and equipment of any kind; and

(B) receive, acquire, endorse, pledge, and dispose of notes, bonds, and other evidences of indebtedness;

(3) furnish to other electric cooperatives or their members electric energy, wiring facilities, electrical and plumbing equipment, and services that are convenient or useful; and

(4) establish, regulate, and collect rates, fees, rents, or other charges for electric energy or other facilities, supplies, equipment, or services furnished by the electric cooperative.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.124. PROVISION OF ELECTRIC ENERGY TO CERTAIN NONMEMBER ENTITIES. An electric cooperative may generate, acquire, and accumulate electric energy and transmit, distribute, sell, furnish, and dispose of that electric energy to any of the following that is engaged in the generation, transmission, or distribution of electricity:

(1) a corporation, association, or firm;

(2) the United States;

(3) this state or a political subdivision of this state; or

(4) a municipal power agency or political subdivision of this state that is a co-owner with the electric cooperative of an electric generation facility.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.125. EMINENT DOMAIN. An electric cooperative may exercise the power of eminent domain in the manner provided by state law for acquiring private property for public use. The power does not apply to state property or property of a political subdivision

in this state.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER D. AMENDMENT OF ARTICLES OF INCORPORATION

Sec. 161.151. AMENDMENT OF ARTICLES OF INCORPORATION. (a) An electric cooperative may amend its articles of incorporation by a majority vote of the members of the cooperative present in person or represented by proxy at a regular meeting or at a special meeting of its members called for that purpose as provided by the bylaws.

(b) Notice of the meeting to members must state the general nature of each proposed amendment to be presented and voted on at the meeting. Valid action may not be taken at the meeting unless at least five percent of the members of the electric cooperative either attend the meeting in person or are represented at the meeting by proxy.

(c) The power to amend the articles of incorporation includes the power to accomplish any desired change in the articles of incorporation and to include any purpose, power, or provision that is permitted to be included in original articles of incorporation executed at the time the amendment is made.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.152. ARTICLES OF AMENDMENT. (a) Articles of amendment of an electric cooperative must be:

(1) signed by the president or vice president and attested by the secretary, certifying to the amendment and its lawful adoption; and

(2) executed, acknowledged, filed, and recorded in the same manner as the original articles of incorporation.

(b) An amendment takes effect when the secretary of state accepts the articles of amendment for filing and recording and issues a certificate of amendment. The certificate of amendment is evidence of the filing of the amendment.

(c) The secretary of state shall charge and collect a fee of \$2.50 for filing articles of amendment and issuing a certificate of amendment.

SUBCHAPTER E. CONSOLIDATION OF ELECTRIC COOPERATIVES

Sec. 161.201. CONSOLIDATION. (a) Two or more electric cooperatives may enter into an agreement to consolidate the cooperatives. The agreement must state:

- (1) the terms of the consolidation;
- (2) the name of the proposed consolidated cooperative;
- (3) the number of directors of the proposed consolidated cooperative;
- (4) the time of the annual meeting and election; and
- (5) the names of at least three persons to be directors until the first annual meeting.

(b) A consolidation agreement may be approved only on the votes of a majority of the members of each electric cooperative present in person or represented by proxy at a regular meeting or at a special meeting of its members called for that purpose.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.202. ARTICLES OF CONSOLIDATION. (a) The articles of consolidation must:

- (1) conform substantially to original articles of incorporation of an electric cooperative; and
- (2) be executed, acknowledged, filed, and recorded in the same manner as original articles of incorporation.

(b) The directors named in the consolidation agreement shall as incorporators sign and acknowledge the articles of consolidation.

(c) The secretary of state shall charge and collect a fee of \$10 for filing articles of consolidation and issuing a certificate of consolidation.

(d) When the secretary of state accepts the articles of consolidation for filing and recording and issues a certificate of consolidation, the proposed consolidated electric cooperative described in the articles under its designated name exists as a body corporate, with all the powers of an electric cooperative

originally organized under this chapter.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

SUBCHAPTER F. DISSOLUTION

Sec. 161.251. DISSOLUTION. (a) An electric cooperative may be dissolved by a majority vote of its members present in person or represented by proxy at a regular meeting or at a special meeting of its members called for that purpose.

(b) A certificate of dissolution must be:

(1) signed by the president or vice president and attested by the secretary, certifying to the dissolution and stating that the officers have been authorized by a vote of the members under Subsection (a) to execute and file the certificate; and

(2) executed, acknowledged, filed, and recorded in the same manner as original articles of incorporation of an electric cooperative.

(c) The cooperative is dissolved when the secretary of state accepts the certificate of dissolution for filing and recording and issues a certificate of dissolution.

(d) The secretary of state shall charge and collect a fee of \$2.50 for filing articles of dissolution.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.252. EXISTENCE FOLLOWING DISSOLUTION. (a) A dissolved electric cooperative continues to exist to:

(1) satisfy existing liabilities or obligations;

(2) collect or liquidate its assets; and

(3) take any other action required to adjust and wind up its business and affairs.

(b) A dissolved electric cooperative may sue and be sued in its corporate name.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.253. DISTRIBUTION OF NET ASSETS ON DISSOLUTION. Assets of a dissolved electric cooperative that remain after all

liabilities or obligations of the cooperative have been satisfied shall be distributed pro rata to the members of the cooperative who were members when the certificate of dissolution was filed.
Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.

Sec. 161.254. DISSOLUTION OF DEFECTIVELY INCORPORATED ELECTRIC COOPERATIVE. (a) An electric cooperative that purports to have been incorporated or reincorporated under this chapter but that has not complied with a requirement for legal corporate existence may file a certificate of dissolution in the same manner as a validly incorporated electric cooperative.

(b) The certificate of dissolution may be authorized by a majority of the incorporators or directors at a meeting called by an incorporator and held at the principal office of the cooperative named in the articles of incorporation.

(c) The incorporator calling the meeting must give at least 10 days' notice of the meeting by mail to the last known post office address of each incorporator or director.

Acts 1997, 75th Leg., ch. 166, Sec. 1, eff. Sept. 1, 1997.