

**71ST ANNUAL MEMBERSHIP MEETING  
OF  
BLUEBONNET ELECTRIC COOPERATIVE, INC.**

May 10, 2011

The Annual Membership Meeting of Bluebonnet Electric Cooperative, Inc. was held on Tuesday, May 10, 2011, 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	Suanna Tumlinson
Byron Balke, Assistant Secretary-Treasurer	Milton Shaw
Robert Mikeska	

Directors, Adlinie Rathman and Gary Gerdes were absent.

Also present for the meeting were:

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

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

President Schmidt introduced General Manager/CEO Mark Rose.

Mr. Rose 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.

He introduced the members of the Board, General Counsel as well as their spouses.

Mr. Rose gave special recognition and expressed great appreciation to our American troops for their courage, service and great accomplishments since September 11, 2001.

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 10, 2011, 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 other business transacted as may come before the meeting. Eight 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 27, 2011, the total number of meters on the date of the Annual Meeting is 81,443, the total number of non-member consumers on the date of the Annual Meeting is none, there are 274 members in attendance, and that there are 7329 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 11, 2010, to review the minutes of the May 11, 2010, Annual Membership Meeting, and they met on June 15, 2010, to review the minutes, and during the Regular Meeting of the Board of Directors on June 15, 2010, 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 11, 2010, 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 11, 2010, Annual Meeting. The motion was seconded. Motion carried.

Mr. Schmidt thanked the members for coming to participate in the 71st Annual Meeting. He expressed his appreciation for the members' interest and involvement in the Cooperative. He informed the membership that Bluebonnet had a very busy and productive year, and that Mark Rose, Chief Executive Officer, and Matt Bentke, Chief Operating Officer, will explain the advances and great strides Bluebonnet has made both in technology and financial strength. Mr. Schmidt said he was truly proud and excited about Bluebonnet's solid foundation so that the members will continue to receive affordable, reliable and safe electric service. He said that the future is here now, and we are in great shape to meet the challenges it has to offer.

Mr. Schmidt then 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, of which there were seven, nominations by petition, of which there was one, and nominations from the floor. He reported the following persons were nominated as candidates for the four seats for director within the timeframe set out by the Bylaws:

George Kehler, Lee County  
Roderick L. Emanuel, Bastrop County (nominated by petition)  
Robert Mikeska, Washington County  
Byron Balke, Austin County  
Stan Dennis Voelker, Travis County  
Russell Jurk, Lee County  
Richard Peterson, Travis County  
Mary E. O'Reilly, Bastrop County

Counsel Simmang called for nominations from the floor. There were none. Motion was made and seconded 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 gave an overview of the past year's events and stressed that we should all pray for rain—330,000+ acres have burned and over two million acres are in severe drought condition. This affects our business and many other rural businesses. Pole fires are a constant threat in these conditions.

He reported that Bluebonnet is getting a lot of attention since we rolled out our Net Energy Market, which, among other things, allows our members to go online and review their electric consumption, their bill, and their bill history, and receive text, email or phone alerts when their electric use exceeds an amount they established in their account profile. By the end of 2011, we hope to have members enabled to view their electric usage on an hourly basis. Bluebonnet is gaining significant notice from our entire nation. He reported that Bluebonnet was recognized by SmartGridNews.com as one of five utilities making great strides in doing good things for our planet, referring to the Net Energy Market web portal.

We are bringing technology forward to enable our members to control their electric consumption and conserve energy. Bluebonnet has over 11,000 miles of line with 80,000+ meters. He discussed natural gas prices and the cost of generation via natural gas versus solar and wind. He commented that solar and wind will not compete with natural gas, unless natural gas prices exceed \$6.

Mr. Rose discussed Bluebonnet's new appointment to the Board of Directors, Suanna Tumlinson of Travis County, who was appointed to fill a vacant seat left by a retired director whose term was not expired, and balance out the number of directors running each year. Mrs. Tumlinson's seat will be up for election next year.

Mr. Rose commented that he is so proud of this utility and its performance. By the end of this year, our members will be able to access their account on an hourly basis and will become more real time in the future. He foresees members being able to control their load in the future. He said that Bluebonnet is as strong, financially, as it has ever been. We are now in a 30-year retirement cycle for capital credits. Previously, we invested our money in capital and were going back to 120 years for capital credit retirements. The Board changed our policy several years ago. Very few cooperatives can go from 120 years to where we are today and still have 37% equity and spend the money we have on technology going forward. We will continue to be top performers, and we will stay financially sound.

Mr. Rose then introduced Matt Bentke and informed the membership that Mr. Bentke is Chief Operating Officer, and credited Mr. Bentke with contributing a very large part to Bluebonnet's success.

Mr. Bentke discussed the Cooperative's financial performance and highlights in Operations with a PowerPoint presentation, covering:

1. Number of Meters
2. Rolling 12 Month Bill Survey (Average Cost/1000 kWh)—Showing Bluebonnet in second place among eight comparable area cooperatives.
3. Equity
4. Capital Credits (*explained difference between Municipalities, IOUs and Cooperatives and informed that members have received capital credits of \$14 million over past 4 years*)
5. Reliability (*explained that each member could expect to be out of power for 2 hours over a one-year period.*)
6. Meters/employee (*now 312*)
7. Overtime
8. New Construction (*9 days as compared to six weeks years ago*)
9. Bill Payment Options
10. Phone Calls Handled
11. Net Energy Market web portal (*has had 20,000 hits and has been recognized in SmartGridNews.com*)
12. Energy Management

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:

George Kehler received	1,479 votes.
Roderick L. Emanuel received	5,282 votes
Mary E. O'Reilly received	1,527 votes
Richard Peterson received	690 votes
Byron Balke received	4,952 votes
Stan Voelker received	753 votes
Robert Mikeska received	5,302 votes
Russell Jurk received	4,869 votes

Re-elected representing Austin County was Byron Balke.

Re-elected representing Washington County was Robert Mikeska.

Elected representing Bastrop County was Roderick L. Emanuel.

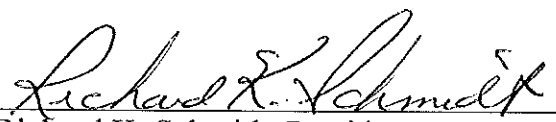
Elected representing Lee County was Russell Jurk.

There being no further business, it was moved, seconded and unanimously carried that the meeting adjourn. The meeting was adjourned at 4:20 p.m.

WITNESS THIS OUR SIGNATURES on this 21 day of June, 2011.

  
James B. Kershaw, Secretary

APPROVED:

  
Richard K. Schmidt, President