

SAN PATRICIO ELECTRIC COOPERATIVE

NOTICE OF 2015 NOMINATING COMMITTEE APPOINTMENTS AND 2015 ELECTION PROCESS

July 1, 2015

The 2015 Nominating Committee was appointed by the Board of Directors of San Patricio Electric Cooperative at the regular May 18, 2015 Board meeting. This Committee will prepare a list of nominees for the three District Director positions to be elected at the San Patricio Electric Cooperative Annual Member Meeting. The District Director positions are for three year terms. The Annual Member Meeting is scheduled to be held on September 26, 2015 at the Bee County Expo Center located in Beeville. The Nominating Committee members are:

- District #1 – Linda & Edwin McKay – Beeville – 361-358-3224
- District #2 – Laura & Mark Covington – Woodsboro – 210-213-2293
- District #4 – Ruth & Kellam Coffin - Mathis -361-547-2693
- District #5 – Patsy & John Bremer - Sinton - 361-364-1918
- District #6 – Betty & J D Babin - Three Rivers - 361-786-2794
- District #7 – Cheryl & James Bennett – Skidmore – 361-287-3255
- District #8 – Sara Myers - Beeville - 361-526-2631

The Nominating Committee will meet on July 21, 2015, to select nominees for the District Director positions for Director Districts #1, #5 and #8. The incumbent directors are Leonard Jones-District #1, Clyde Stewart-District #5 and Aaron Salge – District #8. If you would like to make any suggestions for nominees, please contact any member of the Nominating Committee listed above. If you need the District number for a nominee, please call the Cooperative office at 361/364-2220 extension 135 or toll free 1-888-740-2220 extension 135. A nominee for a District Director position must permanently reside in the Director District from which the Director is to be elected.

The Cooperative's Bylaws allow Members to also select nominees for a Director position by submitting to the Nominating Committee a petition, signed by at least twenty-five Members, proposing that individual for such Director position. Members signing a petition for a District Director position must reside in that Director District. Any nominee selected by Member Nominating Petition will be included on the ballot in addition to those nominees selected by the Nominating Committee. Member Nominating Petition forms are available at the Cooperative's Sinton office and on the Cooperative's website. Member Nominating Petitions must be properly completed and delivered to the Nominating Committee (at the address designated by the Nominating Committee in the Petition Form) on or before August 7, 2015 by 5 p.m. Petitions received after that date are void and will not be accepted. If you need assistance in obtaining, completing or submitting a Member Nominating Petition form, please call the Cooperative office at 361/364-2220, extension 135, or toll free 1-888-740-2220, extension 135.

The Cooperative's Bylaws require the Board to establish the election process prior to the Annual Member Meeting. For the purpose of this year's election, the Board has approved the use of mail-in ballots and electronic ballots. Members will receive a mail-in ballot prior to the Annual Member Meeting. All ballots must be cast either by mail or electronically to the address or addresses designated by the Cooperative so that they are received no later than 5:00 PM on September 21, 2015. Members may not change or withdraw their ballots once cast. Members voting by mail-in ballot or electronically will be counted as present for purposes of determining a quorum at the Annual Member Meeting. Proxy voting is not permitted. Voting in person at the Annual Member Meeting is also not permitted.

Excerpts from Articles III and IV of the Cooperative Bylaws (revised 5-19-08):

SECTION 3.09 - Member Voting. Upon presenting identification or proof of Cooperative membership as reasonably required by the Cooperative, and regardless of the value or quantity of Cooperative Services used, received, or purchased, each non-suspended Member may cast one (1) vote on any matter for which the Member is entitled to vote. Individuals voting on behalf of non-natural person Members must present evidence satisfactory to the Cooperative that the individual is duly authorized to vote for the non-natural person Member.

Unless otherwise provided by Law, the Articles, or these Bylaws, Members approve a matter and act if:

1. A Member Quorum is present; and
2. A majority of Members present in person or, when the option is made available to Members, voting by mail or electronically, who are entitled to vote on a matter, and voting on the matter, vote in favor of the matter.

If a Member does not attend a Member Meeting, then, unless the Member has otherwise properly voted by mail or electronically, when that option is made available to Members, the Member's spouse may attend the Member Meeting and vote as the Member's representative. All Members properly represented by a Member representative shall be counted in determining whether a Member Quorum exists. Members may not cumulate votes.

SECTION 3.10 - Member Voting by Mail or Electronically. Member voting by mail or electronically on any issue, including election of Directors of the Cooperative, shall be allowed if the Board so determines from time-to-time by Resolution of the Board. The method of casting votes by mail or electronically, the formats of any ballots for election of Directors or any other issue to be voted upon by the Members of the Cooperative, the procedures of mailing, delivering, counting, tallying ballots and certifying results shall be as determined by the Board from time-to-time by Resolution of the Board. Ballots shall be so printed as to be candidate-neutral or issue-neutral. In the event voting in person is also allowed at a Member Meeting on the same matter(s) voted upon by mail or electronic ballot, no Member may vote on such matter(s) in person at the Member Meeting if he has already cast a mail or electronic ballot on such matter(s). Results of any election or voting upon any other issue shall be certified and announced at the annual Member Meeting or any Special Member Meeting. When the option is made available to Members, the Cooperative shall accept votes submitted by mail or electronically on any matter as provided in these Bylaws as the Member's vote or action, and Members voting by mail or electronically shall be counted as present for purposes of determining whether a quorum is present.

SECTION 4.03 Director Qualifications. Any Director or Director candidate must comply with this Bylaw.

1. **General Director Qualifications.** A Director or Director candidate must:
 - a. Be a natural person;
 - b. Have the capacity to enter legally binding contracts;
 - c. While a Director, and during the five (5) years immediately prior to becoming a Director, not:
 - (i) Be, nor have been, convicted of a felony; or
 - (ii) Plead, nor have pled, guilty to a felony;
 - d. Within three (3) years of becoming a Director, and unless excused by the Board for good cause, receive a Credentialed Cooperative Director designation or Director's Certificate or similar certification from the National Rural Electric Cooperative Association;
 - e. Unless excused for good cause by the Board or Members, attend at least two-thirds (2/3) of all Board Meetings during any (12) month period; and
 - f. Comply with any other reasonable qualifications determined by the Board. (collectively, "General Director Qualifications").
2. **Membership Director Qualification.** While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director candidate must:
 - a. Be a Member in good standing and if a District Director, permanently residing in the Director District from which the Director is elected or chosen, and if a Director-at-Large, permanently residing in the Cooperative Service Area; and
 - b. Use, receive, or purchase a Cooperative Service at the Director's primary residence;

or:

- a. Be duly authorized by a non-natural person Member:
 - (i) In good standing and permanently located; and
 - (ii) Continuously and materially using, receiving, or purchasing a Cooperative Service within the Director District from which the Director is elected or chosen, if a District Director, or within the Cooperative Service Area, if a Director-at-Large; and
- b. Permanently reside within one-hundred (100) miles of the Cooperative's principal office (Collectively, "Membership Director Qualifications").

At any time:

- a. No non-natural person Member may authorize more than one (1) Director or Director Candidate; and
 - b. No more than three (3) Directors may be authorized by non-natural person Members.
3. Conflict of Interest Director Qualifications. While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director candidate must not be, nor have been:
- a. A Close Relative of any existing Director, other than an existing Director who will cease being a Director within one (1) year;
 - b. An existing, or a Close Relative of an existing, non-Director Cooperative Officer, employee, agent, or representative;
 - c. Employed by, materially affiliated with, or share a material financial interest with, any other Director; or
 - d. Engaged in, nor employed by, materially affiliated with, or have a material financial interest in any individual or entity:
 - (i) Directly and substantially competing with the Cooperative;
 - (ii) Selling goods or services in substantial quantity to the Cooperative, or to a substantial number of Members; or
 - (iii) Possessing a substantial conflict of interest with the Cooperative (collectively, "Conflict of Interest Director Qualifications").
4. Continuing Director Qualification. Only natural persons complying with the General Director Qualifications, Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, "Director Qualifications") may serve, or continue to serve, as a Director.

After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as reasonably determined by the Board, then the Board is authorized to remove the Director. If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and approve a Board action, then the failure of any director to comply with all Director Qualifications does not affect the Board action.

SECTION 4.04 Director Nominations. Unless otherwise provided in these Bylaws, prior to electing Directors:

1. Nominating Committee Nominations. At least ninety (90) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Board shall appoint a Member Committee consisting of one (1) or more Members from each Director District ("Nominating Committee"). Nominating Committee members may not be an existing, or a Close Relative of an existing, Cooperative Director, Officer, employee, agent, representative, or known Director candidate.

At least thirty (30) days prior to the Member Meeting at which Members are scheduled to elect Directors, the Nominating Committee shall:

- a. Nominate at least one (1) individual to run for election for each Director position for which Members are scheduled to vote at the Member Meeting ("Nominating Committee Nominations"); and
- b. Post the Nominating Committee Nominations at the Cooperative's principal office by Director District and, if subject to election at such Member Meeting, the Director-at-Large.

As determined by the Board, and as allowed by the Governing Documents, the Cooperative may reasonably compensate or reimburse Nominating Committee members.

2. Member Nomination by Petition. Members may nominate additional individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting by submitting to the Nominating Committee a petition signed by at least twenty-five Members proposing that individual for such Director position ("Member Nominations"). Member Nominations for a District Director may only be made by a petition submitted by twenty-five (25) or more Members residing or located in such Director District. Member Nominations for Director-at-Large (if a Director-at-Large is to be elected at such Member Meeting) may be made by a petition submitted by twenty-five (25) or more Members located or residing in the Cooperative Service Area. Attached to the petition shall be a written consent by the nominee to serve as a Director, if elected, as well as biographical information to include qualifications. The Cooperative shall make the form for Member Nomination petitions available at the Cooperative's principal office and on the Cooperative's website. The written Member Nomination petitions must be properly completed and delivered to the Nominating Committee at the Cooperative's principal office (or other location designated by the Nominating Committee) not less than fifty (50) days prior to the Member Meeting at which Members are scheduled to vote. Petition forms received after that deadline shall be void. A Member can sign only one Member Nomination petition. If a Member signs more than one Member Nomination petition, that signature becomes invalid on all petitions signed by the Member. The Nominating Committee will authenticate Member Nomination petition signatures not later than forty-five (45) days prior to the Member Meeting. Candidates nominated by Member Nomination petition may be required to provide the Nominating Committee and C & E Committee with information necessary to verify that the candidate meets all Director Qualifications. Once the signatures on the Member Nomination petition have been authenticated, the Member Nomination petition nominations shall be posted at the Cooperative's principal office by Director District and, if subject to election at such Member Meeting, the Director-at-Large.
3. Notice of Director Nominations. At least ten (10) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:
 - a. Director positions for which Members are scheduled to vote; and
 - b. Names and corresponding Director positions of all Nomination Committee Nominations and Member Nominations, along with biographical information concerning each of those nominees, including their qualifications.

If voting by mail is made available to the Members, the Cooperative shall deliver such information to the Members along with delivery of the ballot.

SECTION 4.05 Director Elections. Members located or residing in the Cooperative Service Area shall annually elect Directors:

1. For new Director positions or for Director positions for which the incumbent Director's Director Term is expiring;
2. From the Nominating Committee Nominations or Member Nominations;
3. At the annual Member Meeting or other properly called Member Meeting; and
4. By a majority of the votes cast with a Member Quorum present in person or, when the option is made available to Members, voting by mail or electronically, provided, however, that if three (3) or more persons have been nominated for any one Director position and no one nominee has received a majority of the votes cast, then the nominee receiving the highest number of votes shall be considered elected as Director. In case of a tie Director vote, the Director elected is determined by a drawing by lot.