

# Notice of Director Election

Nominating committee to name board nominees

**THE MEMBERS OF** Hamilton County Electric Cooperative will elect directors by mail-in ballot October 3.

In accordance with cooperative bylaws, a nominating committee will be appointed by the board of directors at its regular board meeting May 25. The nominating committee will meet at 2 p.m. July 6 at the cooperative's main office at 112 E. Gentry St. in Hamilton to make nominations for directors to serve in districts 4, 6 and 7. Terms of the incumbents in those districts expire this year.

District 4 is the area east of U.S. Highway 281 in Lampasas County served by the cooperative.

District 6 is the area south of U.S. Highway 84 in Mills County and west to the cooperative boundary line served by the cooperative.

District 7 is the area north of U.S. Highway 84 bounded on the east by the Hamilton County line and on the west by the cooperative boundary line.

Prospective candidates must meet the director qualifications as specified in the HCEC bylaws (Article IV, Section 4.02 (a) Director Qualifications).

Ballots will be mailed to members August 22 and should be returned to the cooperative no later than 1 p.m. October 3, at which time the ballots will be counted. The results of the election will be announced on the cooperative's website, [hamiltonelectric.coop](http://hamiltonelectric.coop); on its Facebook page; and at the annual membership meeting October 3.

Following are excerpts from the bylaws of Hamilton County EC, which explain the nomination and election procedures.

## ARTICLE IV: DIRECTORS

**SECTION 4.01. Number and General Powers.** The business and affairs of the Cooperative shall be managed by a board of seven (7) directors (herein referred to individually as "Director" and collectively as "Directors", "Board of Directors" or "Board") or under the authority of such Board of Directors, and subject to the Board's direction and oversight. The Board shall exercise all of the powers of

the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the Members and such as the Board may delegate to or authorize to be performed by the Cooperative's management and employees.

**SECTION 4.02. Qualifications.** A Director or Director candidate must comply with the following Bylaw provisions:

(a) **DIRECTOR QUALIFICATIONS.** To be eligible to become or remain a Director of the Cooperative, a person shall:

- (i) Be a natural person;
- (ii) Be a Member of the Cooperative for a period of twenty-four (24) consecutive months immediately prior to nomination or petition for election;
- (iii) Be a Member in good standing with the Cooperative and shall not have (or if a Joint Member with a spouse who has) one or more accounts with the Cooperative or its affiliates that are not in good financial standing, or have (or if a Joint Member with a spouse who has) a controlling interest in another entity, association, organization, or trust that has one or more accounts with the Cooperative or its affiliates that are not in good financial standing;

(iv) As provided in Article I, Section 1.04(f) of the Bylaws, in a Joint Membership, either spouse may serve as a Director, but not simultaneously, and only if both spouses meet the qualifications for Director as stated herein; otherwise, neither spouse may serve as Director;

(v) For at least twenty-four (24) consecutive months immediately prior to nomination or petition for election and throughout such person's term as Director if elected, maintain a principal place of residence, as required to claim such person's residence homestead exemption pursuant to Chapter 11 of the Texas Tax Code, in the District for which such person seeks election or was elected;

(vi) Receive electric service from the Cooperative at such principal place of residence described in Section 4.02

(a)(v);

(vii) Not be employed by the Cooperative or have been an employee of the Cooperative within twenty (20) years of serving on the Cooperative's Board of Directors;

(viii) Not be a close relative of an incumbent Director or of an employee of

the Cooperative, unless otherwise determined by the Board of Directors in its sole discretion;

(ix) Not hold office as a Director who is an incumbent or candidate for public office for which a salary or wage is paid;

(x) Not be in any way employed by or financially associated in a competing enterprise, or a business selling electric energy or selling products or services to the Cooperative;

(xi) Unless excused by the Board of Directors, which action shall be noted in the minutes of that meeting of the Board of Directors, not miss three (3) consecutive regular meetings of the Board of Directors, or miss three (3) regular meetings of the Board of Directors within the most recent twelve (12) month period; and

(xii) Not have been convicted of a felony in this State, any other State in the United States, or received the equivalence of a felony conviction in any other country.

(b) **DIRECTOR DISQUALIFICATIONS.** After being elected or appointed, if a Director does not comply with all Director Qualifications, the Board shall disqualify the Director and the individual is no longer a Director if:

(i) The Board notifies the Director in writing of the basis for the disqualification and provides the Director an opportunity to comment regarding the Board's proposed disqualification; and

(ii) Within twenty (20) days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualifications.

**SECTION 4.03. Election.** Election of Directors shall be held annually by mail-in ballot in accordance with Section 4.07 of the Bylaws.

**SECTION 4.04. Tenure.** Directors shall serve a term of three (3) years or until Director(s)' successor(s) has been elected or appointed. Upon the Directors' election, Directors shall, subject to the provisions of the Bylaws with respect to the removal of Directors, serve until the annual meeting of the Members of the year in which such Directors' terms expire or until such Directors' successors shall have been elected and shall have qualified. Whether elected or appointed, Directors shall have qualified subject to

the provisions of the Bylaws with respect to removal or resignation of Directors. Failure of an election for a given year shall allow the incumbents whose directorships would have been voted on to hold over only until the next Member meeting at which a quorum is present.

**SECTION 4.05. Directorate Districts.**

(a) The territory served by the Cooperative shall be divided into the following seven (7) Directorate Districts with each District represented by one Director, who has and maintains his or her principal place of residence in that District, as provided in Section 4.02 (a)(v) of this Article:

(1) The area West of U.S. Highway 281 in Hamilton County, designated as "District 1";

(2) The area East of U.S. Highway 281 in Hamilton County, designated as "District 2";

(3) The area in Coryell County, designated as "District 3";

(4) The area East of U.S. Highway 281 in Lampasas County, designated as "District 4";

(5) The area West of U.S. Highway 281 in Lampasas County, including all the area in San Saba and Llano Counties, designated as "District 5";

(6) The area South of U.S. Highway 84 in Mills County and West to the Cooperative boundary line, designated as "District 6"; and

(7) The area North of U.S. Highway 84 bounded on East by Hamilton County line and on West by Cooperative boundary line, designated as "District 7."

(b) The Board of Directors shall annually review and if necessary, re-divide and/or geographically relocate Districts to ensure that Director Districts equitably represent the Members.

(c) Within sixty (60) days following any Director District revision, and at least sixty (60) days before the next Annual Member Meeting, the Cooperative shall notify any Members affected by the Director District revision by mail using direct mail, billing inserts, or the Cooperative's monthly magazine.

(d) No Director District revision may: (i) increase an existing Director's term, or (ii) shorten any existing Director's term unless the affected Director gives written consent.

**SECTION 4.06. Nominations.**

(a) NOMINATION BY COMMITTEE.

(1) COMMITTEE QUALIFICATIONS. It shall be the duty of the Board of Directors to appoint, not less than thirty (30) days prior to the date on which Directors are to be elected, a Committee on Nominations, consisting of:

(i) Not less than five (5) and no more than eleven (11) Members of the Cooperative;

(ii) Members who are not existing Cooperative employees, agents, officers, Directors or known candidates for Director;

(iii) Members who are not close relatives (as hereinafter defined) or Members of the same household of such existing employees, agents, officers, Directors or known candidates for Director; and

(iv) Members who are selected from different geographical sections so as to ensure equitable representation, including at least one (1) Member from each of the Directorate Districts to be filled at the election.

(2) COMMITTEE NOMINATION PROCESS.

(i) The Committee shall prepare and post at the principal office of the Cooperative at least twenty (20) days prior to the date of the election of Directors a list of nominations for Directors to be elected, listing separately the nominee(s) for each Directorate District from or with respect to which a Director must, pursuant to this Section, be elected.

(ii) The Committee may include as many nominees for any Director to be elected from or with respect to any Directorate District as it deems desirable.

(b) NOMINATION BY PETITION. Any one hundred fifty (150) or more Members of the Cooperative, acting together, may submit to the Secretary of the Cooperative additional nominations in writing over such Members' signatures, listing the Members' nominee(s) in like manner, not less than one hundred (100) days prior to the date the votes are to be counted, and the Nominating Committee shall post such nominations at the same time and place where the list of nominations made by the Committee is posted.

(c) NOTICE OF NOMINATIONS. The Secretary shall mail to the Members with the notice of the meeting of the Members at which Directors are to be elected, or separately, but at least ten (10) days prior to the date of such meeting, a

statement of the names of all nominee(s) for each Directorate District from or with respect to which one or more Directors must be elected, showing clearly those nominated by the Committee and those nominated by petition, if any. Notice of nominations shall be in accordance Section 4.06 of the Bylaws, Subsection (a)(2)(i) for nominations by Committee on Nominations and Subsection (b) for nominations by petition.

Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

**SECTION 4.07. Campaigning for Election; Voting for Directors; Validity of Board Action.**

Any and all candidate(s) for election or re-election as Director shall: (i) comply with the Bylaws and policies of the Cooperative, as adopted by the Board of Directors; and (ii) notify the Cooperative CEO/Manager in writing, no more than fourteen (14) days after the date the nominee is notified by the Cooperative that his or her name has been certified by the nominating committee, of the candidate(s)' intention to campaign for Director, including, but not limited to, the manner and means of campaign. The election of Directors shall be held annually by mail-in ballot. Each Member shall be entitled to cast only one vote for each Directorate District for which a Director is to be elected. Ballots marked in violation of the foregoing restriction with respect to one or more Directorate Districts shall be invalid and shall not be counted with respect to such District or Districts. Notwithstanding the provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of Directors.

**SECTION 4.13. "Close Relative"**

**Defined.** As used in the Bylaws, "close relative" means a person who, by blood or marriage, including half, foster, step and adoptive kin, is either a spouse, child, grandchild, parent, grandparent, brother or sister of the principal.