COLEMAN COUNTY ELECTRIC COOPERATIVE, INC.

78TH ANNUAL MEMBERSHIP MEETING

Friday, July 15, 2016 • 5:30 P.M.
Coleman High School • Coleman

THE 2015 ANNUAL REPORT IS ON PAGES 17–24 OF THIS ISSUE.

YOUR MEMBER REGISTRATION CARD FOR THE MEETING IS ON THE BACK OF THIS COVER. PLEASE TEAR OUT THE CARD AND BRING IT WITH YOU TO THE ANNUAL MEETING.

BALLOT IS INSIDE THIS COVER

Please fill out the ballot on the inside page and place it in the enclosed security envelope. Either put it in the mail or bring it with you to the annual meeting.

Be sure to sign the outside of the envelope for your ballot to count. The ballot must be in the security envelope.
BOARD OF DIRECTORS

Bob Fuchs, President • David Wright, Vice President • Helen Bragg, Secretary-Treasurer

Roger Bryan
Sandy Neal
Anthony Strawn

Roger Kruse
Glen Scarborough

OFFICIAL NOTICE

To the Member Addressed:

You are hereby given notice that the 2016 Annual Meeting of the Members of Coleman County Electric Cooperative will be held at Coleman High School in Coleman on July 15, 2016, at 7 p.m., to take action upon the following matters:

You will hear reports from officers plus election of two directors for a term of three years, along with other business.

We urge you to be present for this meeting Friday, July 15, 2016, at 7 p.m., at Coleman High School in Coleman. Registration begins at 5:30 p.m. Each person in attendance will receive a free cup of homemade ice cream, cookies and punch, compliments of the cooperative. Business meeting begins at 7 p.m.

Helen Bragg
Secretary-Treasurer
 Please tear off ballot and return the ballot in the enclosed business-reply, postage-paid envelope. Sign your name in the place indicated on the face of the return envelope. The member’s signature is essential. It is part of the validation process of the ballot. If the envelope is not signed on the outside, it will not be counted. You can mail your ballot to the cooperative office before the meeting or bring it to the annual meeting with you.

If you mail your ballot, it must be in our office by 11 a.m., July 15, 2016. From the candidates listed on the ballot, two (2) shall be elected to serve as directors of Coleman County Electric Cooperative for a three- (3-) year term, or until their successors shall have been elected, said term to begin on the 18th day of July, 2016. One (1) director is to be elected from each of the two districts. YOU ARE ENCOURAGED TO VOTE FOR A DIRECTOR FROM EACH DISTRICT. Each voter shall vote for the person of their choice by placing an “X” in the square opposite the name of the candidate of their choice.
SECTION I. ANNUAL MEETING. The annual meeting of members shall be held at such time, during the month of July as the Board of Directors may direct and such meeting shall be held at such place in the Cooperative service area, as shall be designated in the notice of the meeting for the purpose of electing directors, passing upon reports covering the previous fiscal year and transacting such other business as may come before the meeting. If the election of directors shall not be held on the day designated herein for any annual meeting, or at any adjournment thereof, the Board of Directors shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be. Failure to hold the annual meeting at the designated time shall not work a forfeiture or dissolution of the Cooperative.

SECTION 2. SPECIAL MEETINGS. Special meetings of the members may be called by the President, by the Board of Directors, or by a majority thereof or upon a written request signed by at least ten per centum (10%) of all members and it shall thereupon be the duty of the Secretary to cause notice of such meeting to be given as hereinafter provided. Special meetings of the members may be held at any place within the County of Coleman in the State of Texas specified in the notice of the special meeting, or elsewhere within the area served by the cooperative as may be designated by the Board of Directors.

SECTION 3. NOTICE OF MEMBERS’ MEETING. Written or printed notice stating the place, day and hour of the meeting and, in case of a special meeting or an annual meeting at which business requiring special notice is to be transacted, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) days nor more than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the Secretary, or by the persons calling the meeting, to each member. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the member at his address as it appears on the records of the cooperative, with postage thereon prepaid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members of any such meeting.

SECTION 4. QUORUM. As long as the total number of members does not exceed one thousand (1,000) at least fifteen per centum (15%) of the total number present in person shall constitute a quorum for the transaction of business at all meetings of the members. In case the total number of members shall exceed one thousand (1,000) then at least one hundred fifty (150) of the members present shall constitute a quorum for the transaction of business at all meetings of the members. If less than a quorum is present at any meeting, a majority of those present in person may adjourn the meeting from time to time without further notice.

SECTION 5. VOTING. Each member shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. At all meetings of the members at which a quorum is present all questions shall be decided by a vote of a majority of the members voting thereon in person or by mail, except as otherwise provided by law, the articles of incorporation of the cooperative, or these bylaws. If a husband and wife hold a joint membership they shall jointly be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members.

SECTION 6. VOTING BY MAIL. In addition to the method of voting for directors of the Cooperative as provided by the existing bylaws and by a member being present and voting in person or each member shall be and is hereby permitted to vote by mail for directors of this association. At the time notices of member’s meetings are given as provided by Article II of these bylaws, and with a notice of member’s annual meeting, or any postponement thereof, there shall be sent to each member either personally or by mail a ballot which shall contain the names of all members who have been nominated as candidates for directors with a statement of the number to be elected and with appropriate instructions to the member to vote for such members; EACH MEMBER SHALL BE INSTRUCTED AFTER VOTING FOR THE DIRECTOR CANDIDATES TO PUT THEIR BALLOT IN THE ENCLOSED BUSINESS-REPLY, POSTAGE-PAID ENVELOPE AND SIGN THEIR NAME IN THE PLACE INDICATED ON THE FACE OF THE RETURN ENVELOPE. THE MEMBER’S SIGNATURE IS ESSENTIAL. IT IS PART OF THE VALIDATION PROCESS OF THE BALLOT. IF THE ENVELOPE IS NOT SIGNED ON THE OUTSIDE, IT WILL NOT BE COUNTED. MAIL BALLOTS TO THE COOPERATIVE OFFICE PRIOR TO THE DATE OF SAID MEETING. Said ballots, when so received, shall be retained and placed in a locked ballot box until the date of the members’ meeting, at which time they shall be delivered to the inspectors of Election and counted together with the votes cast in person at such members’ meeting. The Directors who receive a plurality of the vote shall be elected. Drawing by lot shall resolve, when necessary, any tie votes.

SECTION 7. ORDER OF BUSINESS. The order of business at the annual meeting of the members, and so far as possible at all other meetings of the members, shall be essentially as follows:
1. Report the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due publication of mailing thereof, or the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of previous meetings of the members and the taking of necessary action thereon;
4. Presentation and consideration of, and acting upon, reports of officers, directors and committees;
5. Election of directors;
6. Unfinished business;
7. New business;
8. Adjournments.
WELCOME

WE WELCOME YOU to attend the 78th Annual Meeting of Coleman County Electric Cooperative. It is our desire to bring you up to date on the operations of your cooperative, to review the accomplishments of the past year, and to look at the challenges your cooperative will face in the future.

Above all, we encourage you to attend the annual meeting to be a part of directing the future of your cooperative. The membership, through the democratic process, elects directors to direct the affairs of your cooperative.

Coleman County Electric Cooperative is a business that belongs to the members. The definite, positive benefits of cooperative electric service, in turn, require a concerned, informed and dedicated membership.

PROGRAM

5:30–7 p.m. .................. REGISTRATION
Each member registering will receive a gift in addition to being eligible for other prizes. The prize drawing card on the back cover must be presented at the meeting.

6–6:50 p.m. .................. ENTERTAINMENT
By Havlak Polka Band

7–8 p.m. .................. BUSINESS MEETING
Invocation
Pledge of Allegiance
National Anthem
President’s Report
Secretary’s Report
Manager’s Report
Election of Directors
Other Business

8–8:30 p.m. .................. DRAWING FOR PRIZES
Members must be present to win.

ALL MEMBERS ARE URGED TO BE PRESENT.
VISITORS ARE WELCOME.
Facilities are wheelchair-accessible.
AS CEO AND GENERAL MANAGER, I’d like to personally invite you to the 78th Annual Meeting of Coleman County Electric Cooperative. This year’s meeting will be held Friday, July 15, at the Coleman High School auditorium. Registration begins at 5:30 p.m., with the business meeting to follow at 7 p.m.

This event is not only a chance to visit with members of our co-op community, it’s also a great opportunity to learn about your electric cooperative and get to know your co-op staff. It allows us to inform you of the changes that have occurred at your cooperative since last year’s annual meeting and our strategic vision for the future. Our annual meeting also makes it possible for us to gather feedback from you on a one-on-one basis and let us know how we can better serve you.

This is an occasion to discuss and learn more about the issues affecting your electric cooperative. It’s also an opportunity for you to exercise one of the greatest benefits of being a member of an electric co-op: voting for the upcoming year’s board of directors.

Our directors are members of your community. They are concerned with the issues you face every day because they face them, too.

A democratic and open election is one of the many elements that make our electric cooperative stand out from other utilities. Having a voice in who makes the major decisions that directly affect your life and your family is a right we all share as Americans. We all vote for our state and federal Congressional representatives and, this year, our presidential candidates as well. Not every American has the right to vote for those who will represent community interests within their electric utility. You have that right, so why not exercise it?

As we finish our 78th year of serving the member-owners of Coleman County Electric Cooperative, I can report to you that our main goal has always been and will continue to be: to always provide the lowest-cost, most reliable, highest-quality service possible. We are constantly working to keep our costs down and reliability high. We look at new technology and new ways of doing things every day in our attempt to do our job better. We never forget who we work for: you, the members.

The board of directors and employees of Coleman County Electric Cooperative remain committed to service. It’s not just a catchphrase but a real way of doing business.

Clint Gardner
CEO/GENERAL MANAGER
BOARD OF DIRECTORS

BOB FUCHS
President
2000–2018
DISTRICT 7

DAVID WRIGHT
Vice President
2010–2018
DISTRICT 3

HELEN BRAGG
Secretary-Treasurer
1990–2017
DISTRICT 4

GLEN SCARBOROUGH
18 Years
RETIRING BOARD MEMBER
DISTRICT 6

JOE F. “SANDY” NEAL
12 Years
RETIRING BOARD MEMBER

ROGER BRYAN
1984–2017
DISTRICT 1

ROGER KRUSE
2008–2016
DISTRICT 2

ANTHONY STRAWN
1993–2017
DISTRICT 5
NOMINATING COMMITTEE REPORT

THE STATE OF TEXAS • THE COUNTY OF COLEMAN

WE, THE NOMINATING COMMITTEE, appointed the 22nd day of March 2016, by the board of directors of the Coleman County Electric Cooperative, met at the home office of the said cooperative at 3300 N. Highway 84 in the city of Coleman, Coleman County, Texas, on this 12th day of May 2016, at 9 a.m., pursuant to notice duly given with the following members present, to wit:

Bill Bredemeyer   Jerald Wilson
Jerry Ellis       Harriet Fischer
Dwaine Lange     Absent: Roy Young and Glenda Gassiot

We, the Nominating Committee, hereby nominate the following five (5) persons—two (2) to be elected at the annual meeting of the members to be held the 15th day of July 2016—to run for the office of director of said Coleman County Electric Cooperative for a term of three years from the date of their election or until their successors shall have been duly elected and qualified, to wit:

DISTRICT 2
*Roger Kruse          Brent Jacob
Winters 79567         Winters 79567

DISTRICT 6
Darla Wise            Doug Tucker     Travis Clevenger
Gouldbusk 76845      Santa Anna 76878   Coleman 76834

*Denotes incumbent

Witness our hands at Coleman, Texas, this the 12th day of May 2016.

Harriet Fischer       Dwaine C. Lange
Jerry L. Ellis        Jerald Wilson
Bill Bredemeyer
DIRECTOR NOMINEES

DISTRICT 2

ROGER KRUSE has been on the Coleman County Electric Cooperative Board of Directors since 2008. He and his wife, Rhonda, have three children and are members of the North Main Church of Christ in Winters. Kruse is a farmer and rancher. He has served on numerous boards in the Winters area. For 10 years, he served on the board of directors of the Winters Hospital District. He is also serving on the Elm Creek Water Control District Board of Directors as vice president. He has completed the required courses and training through the National Rural Electric Cooperative Association to receive his Credentialed and Board Leadership Certificate.

BRENT JACOB was raised in Runnels County. He attended Texas Tech University, completing a Bachelor of Science in agronomy. Jacob is employed by Helena Chemical Company. He farms cotton, wheat and sunflowers, and raises goats and cattle. He resides near Winters with his wife, Brandi, and their two children. They are members of St. Mary Star of the Sea Catholic Church in Ballinger. In recent years, Jacob has served on the Winters Area Business and Industrial Committee and the Winters Dovefest Committee.

DISTRICT 6

DARLA WISE was born and raised in Coleman County. She married Hank Wise of Rockwood in 1986, and they have two sons. Wise graduated from Howard Payne University in 1993. She has been farming, ranching and working in the hunting business in Coleman County for 30 years. Wise has served on the Coleman County Chamber of Commerce, Coleman County Youth Activity Center, and 4B Economic Development boards. She received Coleman County’s New Horizon Award in 2009. Wise is a member of Gouldbusk Methodist Church.

DOUG TUCKER graduated from Merkel High School in 1982 and has lived in the Santa Anna area for 25 years. He has four children. Tucker has been farming and ranching in Coleman and Brown counties since 1991. He is employed by WJH Energy.

TRAVIS CLEVINGER graduated from Navarro College in Corsicana in 2011. His grandparents, Haskell and Lena Clevenger, have been landowners in Coleman County since 1954. Upon their passing, Clevenger took over and now owns the family farm. Clevenger spent many of his childhood summers in Coleman County. He has been a John Deere technician for six years, working in the construction and agricultural fields. He operates the field service truck for Quality Implement Company in Coleman. He attends Hords Creek Cowboy Church.
## COOPERATIVE STATISTICS

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
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<tbody>
<tr>
<td>KWh Purchased</td>
<td>132,740,350</td>
<td>134,034,648</td>
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<tr>
<td>Power Bill</td>
<td>$6,913,484</td>
<td>$8,837,376</td>
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<tr>
<td>KWh Sold</td>
<td>121,285,374</td>
<td>122,562,886</td>
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<tr>
<td>KWh Billing</td>
<td>$11,353,266</td>
<td>$13,441,940</td>
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<tr>
<td>Average Monthly Energy Revenue per Meter</td>
<td>$116.04</td>
<td>$129.13</td>
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<tr>
<td>Miles of Line Energized</td>
<td>3,775</td>
<td>3,773</td>
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<tr>
<td>Meters Connected as of December 31</td>
<td>8,779</td>
<td>8,715</td>
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<tr>
<td>Average Month kWh Usage (Residential Only)</td>
<td>665</td>
<td>663</td>
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<tr>
<td>New Services Connected</td>
<td>165</td>
<td>149</td>
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<tr>
<td>Hours Worked</td>
<td>69,396</td>
<td>68,546</td>
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<tr>
<td>Employees</td>
<td>32</td>
<td>32</td>
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<td>Miles Driven in Cooperative Vehicles</td>
<td>303,865</td>
<td>325,611</td>
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<tr>
<td>Outages/Yearly Average Hours per Customer</td>
<td>2.30</td>
<td>1.74</td>
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**EVERY MEMBER HAS A VOICE. EVEN THE ONES WHO CAN’T YET SPEAK.**

As an electric cooperative member, your household has a say in how the co-op is run, which helps you care for an even bigger family—your community. Learn more about the power of your co-op membership by attending your annual membership meeting July 15.
FINANCIAL STATEMENTS

CONDENSED FINANCIAL STATEMENT
As of December 31, 2015

ASSETS—WHAT WE OWN
Net Utility Plant ........................................... $16,476,914
Cash and Investments ........................................ 12,445,971
Accounts Receivable ....................................... 977,427
Materials and Supplies .................................... 199,213
Prepayments and Other Assets ......................... 82,276

Total Assets ................................................... $30,181,801

LIABILITIES—WHAT WE OWE
Long-Term Debt to CFC .................................... $ 9,061,053
Current and Accrued Liabilities ........................... 2,764,889

Total Liabilities ............................................... $11,825,942

Net Worth—Member Equity
Membership Fees and Deposits ........................... $ 539,608
Patronage Capital ............................................. 17,816,251

Total Liabilities and Net Worth ........................ $30,181,801

2015 REVENUES AND EXPENSES

REVENUE—WHERE IT CAME FROM
Residential, Farm and Irrigation ........................ $6,430,684
Small Commercial ....................................... 3,370,652
Large Commercial ..................................... 1,551,931
Nonoperating and Miscellaneous .................. 744,132

Total Revenue ............................................... $12,097,399

EXPENSES—WHERE IT WENT
Purchased Power .......................................... $6,913,484
Operating and Maintaining System ................ 2,679,020
Depreciation Expense .................................... 1,119,156
Interest on Debt ......................................... 419,792

Total Expenses ....................................... $11,131,452

Margins for 2015 ........................................... $ 965,947

WHERE IT CAME FROM

Small Commercial 28%
Large Commercial 13%
Nonoperating and Miscellaneous 6%
Residential, Farm and Irrigation 53%

WHERE IT WENT

Purchased Power 62%
Operating and Maintenance 24%
Depreciation 10%
Interest 4%
YOUR COOPERATIVE PERSONNEL

530-PLUS YEARS OF COMBINED EXPERIENCE

COLEMAN

Aaron Aristondo ........................................ First-Class Lineman ..................................... 2 Years
Lindi Armstrong ........................................ Cashier/Customer Service .......................... 15 Years
Ricky Baker ............................................ Meter Technician ....................................... 36 Years
Becky Brooks ......................................... Facilities/Maintenance/Whse. Clerk ............. 2 Years
Sage Brooks .............................................. Meter Assistant ........................................ 4 Years
Renée Brown ............................................ Executive Assistant/HR ............................. 31 Years
Jerry Campbell ......................................... Purchasing/Whse. Supervisor ................. 38 Years
Coriann Carrillo ......................................... Member Service/New Service ............... 5 Months
John Casey ............................................. First-Class Lineman ................................ 30 Years
Murry (Mo) Clingerman ......................... Accountant II ............................................ 2 Months
Mike Curry ............................................ Equipment Operator ............................ 34 Years
Clint Gardner ............................................ CEO/General Manager ....................... 2 Years
Mark Garrett ............................................ First-Class Lineman ................................ 18 Years
Chris Guerrero ........................................... Equipment Operator .............................. 2 Months
Matt Henderson ....................................... Staking Technician .................................... 21 Years
Troy Hubbard ............................................. Apprentice Lineman ........................... 6 Months
Michael Jewell .......................................... Line Foreman ........................................ 27 Years
Michael Lobstein .................................. Metering Supervisor ................................ 37 Years
Benny Mendoza .......................................... Line Superintendent .............................. 27 Years
Danny Morales ...................................... Groundman/Apprentice Lineman ............. 1 Year
Aaron Parks ............................................ Equipment Operator .................................. 5 Months
Kelly Smith .............................................. First-Class Lineman .................................. 8 Years
Sherman Smith ....................................... Staking Supervisor .................................... 35 Years
Synda Smith .............................................. Office Manager ....................................... 18 Years
Trent Smith ............................................. Apprentice Lineman .................................. 4 Years
Kenna Stevenson .................................. Billing and Information Services .......... 5 Years
Kim Stovall ............................................ Accountant II .......................................... 8 Years
Kolton Titworth ......................................... Equipment Operator ............................... 4 Years
Connie Turner ......................................... Member Services/Clerk ....................... 35 Years
Michael Walters ..................................... Apprentice Lineman ................................... 7 Years
Tony Williams ........................................ Manager of Member Service .................. 36 Years

BALLINGER

Jeff Moreland ........................................ First-Class Lineman ..................................... 16 Years
Tim Williams ............................................. Apprentice Lineman ............................... 2 Year

WINTERS

Roy Gray ................................................. First-Class Lineman ..................................... 2 Years
Mark Kaczyk .............................................. First-Class Lineman .................................. 24 Years

COOPERATIVE CONSULTANTS

Richards, Elder & Green .................................. Attorney
Bolinger, Segars, Gilbert & Moss ......................... Auditors
SGS Engineering ........................................ Engineers