

2016 BLUEBONNET ANNUAL MEETING



MAY 10, 2016

SONS OF HERMANN HALL, 1031 CR 223, GIDDINGS, TX

**REGISTRATION 1:30-2:30 P.M.
MEETING STARTS AT 2:30 P.M.**

REFRESHMENTS — DOOR PRIZES — INFO BOOTHS

FOR MORE INFORMATION, CALL **800-842-7708** DURING BUSINESS HOURS,
EMAIL **MEMBERSERVICES@BLUEBONNET.COOP**
OR VISIT **BLUEBONNET.COOP/ANNUALMEETING**



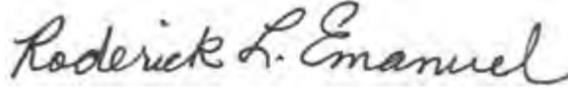
2016 Annual Meeting Notice

Dear Member:

You are invited to the Annual Membership Meeting of Bluebonnet Electric Cooperative, Inc., which will be held on May 10, 2016, at 2:30 p.m. at the Sons of Hermann Hall, 1031 CR 223, Giddings, Texas. Registration will begin at 1:30 p.m. and close at 2:30 p.m.

At this meeting one director for District 3 will be elected. Incumbent directors seeking re-election in Districts 1, Milton Shaw, 5, Ben Flencher, and 7, Kenneth Mutscher, were unopposed and have been elected by general consent. Other business that may come before the meeting will also be addressed.

Sincerely yours,



Roderick L. Emanuel
SECRETARY/TREASURER

2016 Annual Meeting Agenda

1:30 p.m.-2:30 p.m.: **Registration and Voting**

2:30 p.m.: **Safety/Housekeeping** — Robert Thompson, Manager of Safety Service and Compliance

Door Prize Drawings — Round 1

Call to Order — Ben Flencher, Board Chair

Introduce Guests — Ben Flencher, Board Chair

Invocation and Pledges of Allegiance — Roderick L. Emanuel, Board Secretary-Treasurer

Chairman/President's Report — Ben Flencher, Board Chair

Secretary-Treasurer's Report — Roderick L. Emanuel, Board Secretary-Treasurer

- Read Notice of Annual Meeting
- Read Affidavit of Proof of Mailing
- Read Certification of Number of Members Receiving Service
- Read Certification of Number of Members in Attendance
- Read 2015 Annual Meeting Minutes (or ask for a motion to waive reading of minutes and ratify Board's approval)

General Manager's Report — Mark Rose, General Manager/CEO

Deputy General Manager's Report — Matt Bentke, Deputy General Manager

Unfinished Business — Mark Rose, General Manager/CEO

New Business — Mark Rose, General Manager/CEO

Door Prize Drawings — Round 2

Ballot Canvassing Results — Sarah Newman-Altamirano, General Counsel

Adjourn

2016 NOMINEES FOR BLUEBONNET'S BOARD OF DIRECTORS

Milton Shaw District 1



Shaw has served on the Bluebonnet Board of Directors since May 2010 and earned his Credentialed Cooperative Director certification through the National Rural Electric Cooperative Association. He also completed the NRECA's Board Leadership Program. Shaw is chairman of Bluebonnet's Legal & Governance Committee and is a member of the Employee Services and Member Experience committees. He grew up in Luling and traveled America during a 30-year career with Shell Oil Company. He and his family moved to six states while he managed marketing of Shell's real estate assets and oversaw multi-million dollar budgets. Shaw brings decades of experience in community relations and customer service. After graduating from what is now Texas State University in San Marcos in 1962, Shaw managed a store for Western Auto and later was a manager for the Sears department store chain. He retired in 1998 and returned to Luling with his wife Judy, his high school sweetheart. They run a few head of cattle on 46 acres in Caldwell County. Shaw is active in his community, including service over the years in the Luling Chamber of Commerce, Community Action, Kiwanis Club, Caldwell County Development Board, Polonia Water Supply Corporation and the McNeil Baptist Church. He and Judy have three sons: Milton Jr., a worldwide customer service manager for Shell Oil; Mark, vice president and general counsel for Southwest Airlines; and Michael, partner in Andrews and Kurth law firm in Houston. The Shaws have seven grandchildren.

Kenneth Mutscher District 7



Mutscher, vice chairman of the Bluebonnet Board of Directors, has been on the electric co-op's Board since 1998. He earned his Credentialed Cooperative Director and Board Leadership certifications through the National Rural Electric Cooperative Association. He is chairman of the Employee Services Committee and a member of the Legal & Governance and Technology committees. He also serves as an ex-officio member of the Audit & Finance, Energy Services and Member Experience committees. Mutscher owned a financial services business in Brenham and is now retired. He was an all-around athlete at Brenham High School, lettering in football, baseball, basketball and track. He attended Blinn College on a baseball scholarship and graduated from the University of Texas at Austin in 1965 with a degree in business administration. Before his financial business, Mutscher was an investigator for the Texas State Board of Pharmacy and was also an officer in the National Guard. He has been involved in several community organizations, including the Lions Club, the Chamber of Commerce, the Coastal Conservation Association, Washington County Little League and the Bluebonnet Beef Breeders Association of Washington County. He is a director of the Blinn College Foundation Board and is a member of Grace Lutheran Church where he has held numerous offices. Mutscher enjoys golf, fishing, hunting, traveling and raising Brangus cattle. He and his wife, Sarita, have one son, Kevin, an attorney in Brenham. Kevin and his wife, Renee, have a son, Kaden.

Dustin Haisler District 3



Haisler is a technology and innovation expert working to help state and local government entities use cutting-edge technology to better serve and engage with citizens. He is the Chief Innovation Officer for e.Republic, a national digital media and research company focused exclusively on state and local government and education. Haisler, who lives in Elgin, earned a national reputation when he worked for the City of Manor in 2006-2010 and developed creative ways to drive innovation and engage residents through an online community called Manor Labs. To this day, Manor Labs remains a prominent model of government and citizen engagement used by hundreds of cities throughout the world. In 2009 he was named a Government Technology magazine Top 25 Doer, Dreamer and Driver for technology in the United States. He left Manor as Assistant City Manager in 2010 and joined the private sector to work on building and implementing emerging technologies for Fortune 500 companies and government agencies worldwide. He worked for a California technology company that specialized in crowdsourcing software for collecting and improving ideas from employees and citizens to drive innovation. From 2012-2014, he was president of KlabLab, a California-based startup that developed tech tools to improve the way students learn and create. Haisler graduated from high school in Elgin and earned a bachelor's degree in business administration from LeTourneau University in 2009. Haisler works with numerous nonprofits and education foundations and helps mentor startup companies. He and his wife, Amanda, have three children: Kaden, 10, Kye, 9, and Eden, 6.

Ben Flencher District 5



Flencher, chairman of the Bluebonnet Board of Directors, has been on the electric co-op's Board since 1987. He is an ex-officio member of Bluebonnet's Board committees — Audit & Finance, Employee Services, Energy Services, Legal & Governance, Member Experience and Technology. He grew up in a banking family in Somerville and began his lifelong banking career by rolling coins and filing checks as a young boy at the bank where his father worked. He was officially hired when he was in eighth grade and continued to work at the bank while in college. Today, he is president of that same bank — Citizens State Bank, Somerville — a position he's held since 1981. Under his leadership, the bank has grown to six locations and \$450 million in assets. Flencher graduated from Texas A&M University in 1974 with a degree in finance. He lends his financial savvy to many community organizations, including the Burleson County Economic Development Corporation and Blinn College Foundation Board. He is a lifelong member of the First Lutheran Church in Somerville. He and his wife, Betsy, have four sons: Aaron and Cory, who work in the banking industry; Ryan, who works in commercial real estate; and Josh, who owns a dirt contracting company. The Flenchers have four grandchildren.

Frank Skube District 3



Skube has more than 40 years of accounting, finance and business systems experience. He was employed by two electric cooperatives — Johnson City-based Pedernales Electric Cooperative (PEC) and Trinity Valley Electric Cooperative (TVEC) in Kaufman. He was CFO at PEC from 2011-2013 and served as Interim CEO for five months. He helped PEC develop new budget processes, launch a new accounting/billing system and implement changes in how PEC distributed capital credits to its members. He also spearheaded a debt-restructuring project. At TVEC, he was CFO for almost five years. Skube continues to work as a financial consultant for electric cooperatives across the country. Skube's career began with Dow Jones after earning a bachelor's degree in accounting from the University of Scranton in Pennsylvania. He worked at Dow Jones for 30 years in various positions overseeing accounting services, systems development and financial operations. He earned an MBA from Rider University. Skube lives in Bastrop with his wife of 38 years, Ronda. Their son Michael, a civilian engineer for the Naval Air Systems Command (NAVAIR), his wife, Alex, and one grandson, Nicholas, live in Maryland; their daughter Chelsea graduates in May with a nursing degree from Blinn College. Skube is president of the Drayton House condominium HOA in Myrtle Beach, S.C. and served on the Upper Freehold School District (N.J.) school board and as a director at the Gastonia-Scurry Special Utility District in Scurry, southwest of Kaufman. He and Ronda volunteer at the University of Texas at Austin's Texas Performing Arts Center and helped a family restore their home following the 2013 Halloween floods.

Kathleen Handy District 3



Handy is a small-business owner and longtime community volunteer in Bastrop. She has served on the Bluebonnet Board of Directors since 2013 and earned her Credentialed Cooperative Director certification through the National Rural Electric Cooperative Association. She is a member of the co-op's Energy Services, Technology and Member Experience committees. Her interest in electric co-ops dates to her East Texas childhood, when her grandfather was on the Bowie-Cass Electric Cooperative Board of Directors for 35 years. Handy studied speech communication at Centenary College of Louisiana and earned a degree in dental hygiene from Wharton County Junior College. She and her husband, Dr. James Handy, moved to Bastrop in 2003 and opened Bastrop Regional Foot & Ankle Center, a podiatric medical practice. She managed that practice while working part-time as a dental hygienist and continues in a management role today. Handy helps negotiate contracts, works with insurance companies, deals with personnel issues and helps with all aspects of customer service. She is a community volunteer and organizing member of Bastrop's newly formed National Society of the Daughters of the American Revolution chapter. She holds a leadership position on the Bastrop County Long Term Recovery Team and has volunteered for the Bastrop County Historical Society, Bastrop County Emergency Food Pantry, Rotary Club and Calvary Episcopal School. She is a former board member of the Bastrop Education Foundation and the Children's Advocacy Center, where she served as fundraising chair. The Handys have four sons: Alexander, 11, Nicholas, 9, Phillip, 7, and Maximus, 4.

2016 ANNUAL MEETING & BOARD ELECTION Q&A

Bluebonnet Electric Cooperative's Annual Meeting is Tuesday, May 10, 2016, at Sons of Hermann Hall, 1031 CR 223 in Giddings. Registration begins at 1:30 p.m. and ends at 2:30 p.m. The meeting starts at 2:30 p.m. If you have questions about the Annual Meeting, call a member service representative at 800-842-7708 from 7 a.m. to 5:30 p.m., Monday through Friday, or email memberservices@bluebonnet.coop.

Q: What is the Annual Meeting and why is it important to attend?

A: Bluebonnet's Annual Meeting is one of the many benefits of being a member of an electric cooperative. The meeting, held each year in May, offers members the opportunity to meet the Board of Directors, the general manager, the deputy general manager and the co-op's executive staff. Members hear a State-of-the-Cooperative message and elect, or re-elect, directors.

Q: How many Board of Director seats are up for election?

A: Four of the 11 seats on Bluebonnet's Board of Directors are up for election this year. Six candidates are on the ballot. The three incumbent directors in District 1, District 5 and District 7 are running unopposed. Three candidates, including one incumbent, seek to represent District 3. (Find candidate profiles and the districts they will represent on pages 22D and 23 of this issue.)

Q: Can I vote for candidates in all districts or only the district in which I live?

A: Co-op members can vote for candidates in all districts. The co-op's service area is divided into seven districts that are drawn along Bluebonnet's service area boundary and county lines. Each district is represented by one to three directors (based upon, among other things, the number of meters in each district). Directors serve staggered terms.

Q: I can't attend this year's Annual Meeting. Can I still vote in the election?

A: If you can't attend the meeting, you can vote by proxy.

Q: What is proxy voting?

A: Proxy voting is a method that allows a member who cannot attend the Annual Meeting to designate another person to vote in his or her place.

AT THE MEETING

Members will hear a State-of-the-Cooperative report, participate in the Board of Directors election, learn of milestones that Bluebonnet reached in 2015, have the opportunity to take care of Bluebonnet business and be entered in a drawing for door prizes. We hope you'll join us for a day of business, fellowship and fun. If you cannot attend but want to have a voice on any issue that may require a vote at the Annual Meeting, you may vote by proxy. Those forms were mailed to members in March.

Q: How do I vote by proxy?

A: Complete the proxy form that was mailed to you in March and return it by mail or drop it off at any of Bluebonnet's member service centers in Bastrop, Brenham, Giddings, Lockhart or Manor. If you misplaced the proxy form, stop by a member service center to pick one up or call 800-842-7708 and ask a representative to mail one to you. Proxies must be hand-delivered to a member service center by 5:30 p.m. May 3, 2016, or mailed to:

Bluebonnet Elections Processing

c/o Election Services Co.

P.O. Box 9020

Ronkonkoma, NY 11779-9822

Mailed proxies must be postmarked by May 3, 2016.

Q: How does proxy voting work?

A: On the proxy form, members can assign their vote to either Bluebonnet's Proxy Committee or to a person of their choice. Members can tell their proxy how to vote by marking their selections on the proxy form, or they can allow proxies to vote at their discretion.

Q: Who serves on Bluebonnet's Proxy Committee?

A: The Proxy Committee is made up of all Bluebonnet Board members whose terms are not currently up for election. This year's Proxy Committee members are Byron Balke, Roderick L. Emanuel, Russell Jurk, James B. Kershaw, Robert Mikeska, Richard Schmidt and Suanna Tumlinson.

Q: Can this proxy be used again at future Annual Meetings?

A: No, the proxy is valid only for the meeting specified on the proxy form.

Q: Can I vote at the Annual Meeting if I sent in a proxy form?

A: When you register at the meeting, your proxy will automatically be revoked, so you can cast your ballot in person.

Q: What information do I need to bring with me to register at the Annual Meeting?

A: You will be asked to verbally recite two pieces of information that are on your account. This account verification process is identical to the one performed when members would like to transact business on their accounts. You can simply tell the member service representative at the registration desk any two of the following pieces of information about your account: the name(s) listed on the account, your birthday, last four digits of your Social Security number, your driver's license number, your mailing address or your Bluebonnet account number.

Q: Who administers the Board election?

A: Election Services Co., a third party, independent vendor that specializes in administering corporate elections nationwide. It has the skills, experience and equipment to efficiently and accurately tally proxies and votes while adhering to the Federal Trade Commission's Red Flag requirements that protect members' confidential account information. This is the seventh year Election Services has administered Bluebonnet's election.

Q: What if I have questions about the election at the Annual Meeting?

A: Bluebonnet's member service representatives will be staffing the registration desk at the Annual Meeting and can answer any questions.

Q: Can I change my address or do other business at the Annual Meeting?

A: After you register, Bluebonnet's member service representatives will be available at an information booth. They can help members with most of their co-op business and answer any questions they would normally handle at any of the member service centers or through the Call Center.

Q: I still have questions. Who can I contact?

A: Call a member service representative at 800-842-7708 or email memberservices@bluebonnet.coop.