

ELECTION | 2015

Make your vote count in the 2015 ApHC Election!

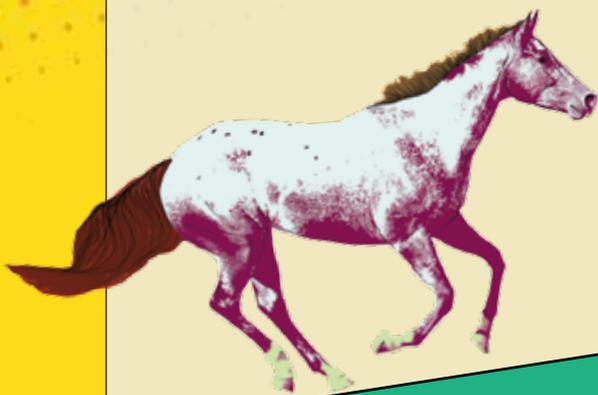
Current members in good standing as of August 31, 2015, are eligible to vote. Post-cards will be mailed to members from the election company with their voting information. A link to the voting site will be available on appaloosa.com. Members can click the link and then follow the steps on the post card provided to cast their vote.

Voting will begin at 8 a.m. Pacific Daylight Time on Thursday, October 1, 2015, and end at 5 p.m. Pacific Daylight Time on Saturday, October 31, 2015.

Board seats will not be voted on this year as all candidates are unopposed. However, **members will have the opportunity to vote on a proposal to amend ApHC by-laws, reducing the number of directors and the length of their terms of service.**

Rationale for this proposal is as follows:

- Because of a decrease in membership numbers, the director-to-members ratio would be virtually the same as it was several years ago when the board size was increased to nineteen (19).
- Territories would remain the same and zones would be eliminated. Each territory would have two (2) directors (Territory 7—Europe and other international affiliates—would continue to have one director). Potential candidates could reside anywhere within the territory, which may result in voters having more options among available and qualified candidates. However, there would be the stipulation that the two directors in the territory could not reside in the same state.
- The work of the board and the rules of governance would not change, but, it is believed that a reduction in board size can make committees, board meetings and general discussions more focused, more accountable and more productive. At the same time, there may be more consideration given to the notion that committees could include individuals not serving on the board.
- If the bylaw change is approved, current board members would finish their terms of service as presently defined. Eventually, elections would be held every two (2) years, rather than each year. Directors elected under the new structure would serve terms of four (4) years.
- There would be some cost savings by conducting an election every other year and by reducing director expenses for board meetings.
- Recent studies have pointed to a general movement to reduced board sizes. Because of today's many communication options, ApHC members have more and quicker access to directors than ever.



ARTICLE IV Board of Directors

Section 2. Qualifications, Number, Term, Nomination, Election and Member Voting.

- A. To be eligible to serve as an ApHC director, a person must be an active member in good standing of the ApHC for at least three (3) consecutive years next preceding the applicable election and elected in accordance with these Bylaws from the geographical ~~zone territory set forth described~~ in Section 3 of this Article IV where such person is domiciled. Any member who, as the result of ApHC disciplinary action, has been determined guilty of a violation of any ApHC Rules and Regulations shall be ineligible to hold the position of director. Any member who has been convicted of a crime punishable by imprisonment in a State or Federal prison, or who has been convicted of a crime involving moral turpitude shall be ineligible to hold the position of director. If a director becomes not domiciled within the geographical ~~zone territory~~ from which elected or ceases to be an active member in good standing of the corporation, such director shall thereafter be ineligible to continue to serve as a director and the Board of Directors shall immediately remove such director from the Board of Directors and the vacancy shall be filled in accordance with these Bylaws.
- B. The number of directors shall be ~~nineteen (19)~~ **thirteen (13)**. ~~One (1) director shall be elected from each of the geographical zones set forth in Section 3 of this Article IV: Two directors shall be elected from each of geographical Territories I – VI described in Section 3 of this Article IV, provided, however, any member who is domiciled in the same state of the United States, the same province or territory of Canada or the same country in which an International Affiliate exists within which another ApHC director is domiciled shall be ineligible to hold the position of director. Additionally, one (1) director shall be elected from Territory VII as described in Section 3 of this Article IV.~~
- C. To be nominated for election as a director, a member qualified to be a director must submit a petition on a form approved by the ApHC. In a regular election, the petition must be submitted on or before the last day of July in the election year and in a special election the petition must be submitted as required by the ApHC Board of Directors, nominating such member for election from the geographical ~~zone territory~~ where such member is domiciled. The nominating petition must be signed by at least ~~five (5)~~ **ten (10)** ApHC members in good standing domiciled in the same Territory as the member being nominated.
- D. The regular election of directors shall occur in September, October and/or November of ~~each every other~~ year. Only ApHC members in good standing as of August 31 of each year shall be eligible to vote in the regular election that year. The ApHC Board of Directors may establish the membership eligibility deadline for special elections and other purposes.
- E. Each active member in good standing shall be entitled only to one (1) vote on all matters upon which such member is entitled to vote.
- F. The ApHC shall prepare a ballot for each geographical ~~zone territory~~ for which an election is being held that includes all **eligible** members properly nominated for election as a director from that geographical ~~zone territory~~. If only one (1) member is properly nominated for election as director from a geographical ~~zone territory~~, that nominee shall be deemed elected as director without conducting the election. In the event there is no member properly nominated for election as a director from a geographical ~~zone territory~~, the ApHC Board of Directors shall appoint a qualified ApHC member to any such director position for the full term of ~~three (3)~~ **four (4)** years. Otherwise, the ApHC shall provide the ballot according to the ApHC election procedures as determined from time to time by the ApHC Board of Directors for each geographical ~~zone territory~~ to all eligible ApHC voting members residing **domiciled** within the ~~that geographical Territory~~ in which such geographical zone is located and each such member shall be entitled to vote in the election of ~~all the directors from that geographical Territory whether or not the member resides within the zone from which a director is to be elected~~. Ballots must be completed and submitted according to ApHC election procedures as determined from time to time by the ApHC Board of Directors.
- G. The **eligible** nominee receiving the highest number of votes on the ballot for each geographical ~~zone territory~~ will be named director. In the event two or more candidates receive the same and highest number of votes in the election of a director, the candidate with the most votes from the geographical zone in which the candidates are domiciled shall be elected director and if two or more candidates also receive the same and highest number of votes from the geographical zone in which the candidate is domiciled, a runoff election shall be held between such candidates.
- H. Directors (i) elected at the regular election of directors shall be elected to serve, (ii) deemed elected as a director without conducting the election as provided under Section 2.F. of this Article IV shall be deemed to serve and (iii) appointed by the Board of Directors as provided under Section 2.F. of this Article IV shall be appointed to serve; for a term of approximately ~~three (3)~~ **four (4)** years commencing at the commencement of the regular meeting of the Board of Directors next held following the regular election of directors at a time and date during January through April as determined by the Board of Directors and ending upon taking the oath by the successor director at such meeting in the ~~third (3rd)~~ **fourth (4th)** year following the commencement of such terms. The terms of office for directors shall be staggered so that the term of either ~~one-third (1/3)~~ **one half (1/2)** of the total number of directors or ~~one-third (1/3)~~ **one half** plus one (1) of the total number of directors, as applicable, expire each **every two** years.

Section 3. Geographical Territories and Zones.

- A. For the purpose of elections of directors, the membership of the ApHC shall be divided into the geographical territories ~~and zones~~ **within which director elections are held are set forth described** below:

TERRITORY I

- Zone A — **The states of Washington, Oregon, Alaska, Idaho, Montana, Wyoming, North Dakota, South Dakota and Minnesota in the United States of America, and the provinces of British Columbia, and Alberta, Saskatchewan, and Manitoba in Canada and the territories of Nunavut, Yukon and Northwest in Canada.**
- Zone B — Idaho, Montana, Wyoming, Alberta, Northwest Territories
- Zone C — North Dakota, South Dakota, Minnesota, Saskatchewan, Manitoba and Nunavut

TERRITORY II

- Zone A — **The states of California, and Hawaii, Nevada, Utah, Arizona, New Mexico, Colorado and Kansas in the United States of America, Mexico, and those countries in Central America, South America and the Southern Hemisphere in which International Affiliates exist.**
- Zone B — Nevada, Utah, Arizona, New Mexico, Mexico and International Affiliates in the Southern Hemisphere, Central America and South America
- Zone C — Colorado and Kansas

TERRITORY III

- Zone A — **The states of Missouri, and Nebraska, Iowa, Wisconsin, Illinois and Indiana in the United States of America.**
- Zone B — Iowa and Wisconsin
- Zone C — Illinois and Indiana

TERRITORY IV

- Zone A — **The states of Texas, Oklahoma, Louisiana, Florida and Alabama in the United States of America.**
- Zone B — Oklahoma and Louisiana
- Zone C — Florida and Alabama

TERRITORY V

- Zone A — **The states of Arkansas, Tennessee, and Mississippi, Georgia, South Carolina, North Carolina, Kentucky, Virginia, West Virginia, Delaware and Maryland and the District of Columbia in the United States of America.**
- Zone B — Georgia, South Carolina and North Carolina
- Zone C — Kentucky, Virginia, West Virginia, Delaware, District of Columbia and Maryland

TERRITORY VI

- Zone A — **The states of Michigan, and Ohio, Pennsylvania, New York, New Jersey, Vermont, New Hampshire, Maine, Connecticut, Massachusetts and Rhode Island in the United States of America and the provinces of Ontario, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland in Canada.**
- Zone B — Pennsylvania, New York and Ontario
- Zone C — New Jersey, Vermont, New Hampshire, Maine, Connecticut, Massachusetts, Rhode Island, Quebec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland

TERRITORY VII

European Zone All **countries not otherwise specifically listed in Territories I – VI above within which International Affiliates exist** ~~not otherwise specifically listed in another zone (e.g. including, but not limited to, England, France, Germany, Hungary, Israel, Italy, Japan, Luxembourg, and Switzerland and other countries that may be added).~~

- B. The Board of Directors may, from time to time, recommend further revisions to the territories ~~and zones~~ for the purpose of achieving a reasonably equal geographic distribution of the membership, but such recommendations, if made, shall not be made more frequently than every six years.

Section 10. Vacancies. Any vacancy occurring on the Board of Directors and any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the remaining directors, though less than a quorum of the Board of Directors; provided, however, that a special election by the members shall be conducted consistent with the provisions of these Bylaws if the unexpired term of the vacancy to be filled exceeds one year. The Board of Directors may make a temporary appointment of any directorship to be filled by appointing an ApHC member domiciled in the affected geographical ~~zone territory~~ pending such special election as required above. A director elected to fill a vacancy shall be elected for the unexpired term of the director's predecessor in office.