

# **Bylaw Amendment for Director Elections**

## **Article V – Directors**

The entire Article V is included for your review, but only Section 3(b) of Article V is proposed to be amended.

### **SECTION 1. General Powers.**

The business and affairs of the Cooperative shall be managed under the direction of a board of nine (9) directors which shall exercise all of the powers of the Cooperative except such as are by Law or by the articles of incorporation or by these bylaws conferred upon or reserved to the members.

### **SECTION 2**

#### **(a) Term of Office and Classification.**

One director shall be elected from each territorial district to serve for a term of three years, which term shall commence at the first regular meeting of the board following the annual meeting of the members in the year of election and continue until the final adjournment of the annual meeting of the members in the year a successor is elected.

The directors are classified in respect to year of election and term of office as follows:

- Directors from Districts Nos. 1, 2, and 3 shall be elected in 1972;
- Directors from Districts Nos. 7, 8, and 9 shall be elected in 1973;
- Directors from Districts Nos. 4, 5, and 6 shall be elected in 1974;

Thereafter three directors shall be elected each year to succeed directors whose terms expire that year.

#### **(b) Qualifications.**

The following qualifications shall be required for a member to be nominated, elected, and to begin to serve as a director of the Cooperative:

- (1) (a) Personal membership in the Cooperative, or
  - (b) Acting in the capacity of a duly authorized representative of a member of the Cooperative who is other than a natural person.
- (2) Actual residence in the district to be served as a director.
- (3) Certification by the nominee at the time of nomination that no conflict of interest exists or is reasonably foreseeable that would or would tend to cause the nominee, if elected, to breach the fiduciary duties of a director to the Cooperative.

- (4) Must not have been an employee of the cooperative or any entity owned or controlled by the cooperative at any time during the three (3) years preceding the election or appointment.
- (5) Must not have pursued any claim or litigation against the cooperative or any entity owned or controlled by the cooperative or against any of its directors or employees in the three (3) years preceding the election or appointment.
- (6) Must not have been convicted of a felony.
- (7) At the time of election or appointment, must not be related to any regular part-time or full-time employee of the cooperative or any entity owned or controlled by the cooperative.

**(c) Removal.**

- (1) A director shall be disqualified for continued service if, unless excused by a majority of the remaining members of the board, a director fails to attend any two regular monthly meetings of the board of directors during any twelve month period of the director's term. Such disqualification shall constitute removal from the board of directors.
- (2) Such disqualification and removal shall entitle the director to notice and a hearing at the next regular monthly meeting of the board of directors on whether the director is able to show cause why the disqualification and removal should not occur.
- (3) Upon notice and hearing, the board of directors may remove, by a 2/3 majority of the remaining directors, any member of the board of directors for cause.
- (4) Upon the removal, whether by disqualification or for cause, of a director from the board, the remaining directors then in office may appoint, by majority vote, a director to fill the remaining term of the removed director.

**SECTION 3. Nomination and Election of Directors.**

- (a) *Director Districts:* The territory served or to be served by the Cooperative shall be divided into nine (9) districts, each of which shall contain as nearly as possible the same number of members.

Not less than one hundred fifteen (115) days before the annual meeting the board of directors shall review the composition of the several districts, and, if it should be found that inequalities in representation have developed which can be corrected by redrawing the delineation of districts, the board of directors shall reconstitute the districts so that each shall contain as nearly as possible the same number of members.

**(b) Election Process.**

- (1) Not less than 90 days prior to the annual meeting, members interested in running for election to the board shall submit nomination papers for each district in which a director is to be elected that year for the term set forth in Article V, Section 2.(a). Incumbents shall be deemed eligible for placement on the ballot. All candidates shall meet the qualifications as set forth in Article V, Section 2. (b). The order of placement of candidates' names on the ballot shall be decided by lot.
- (2) Voting shall be by electronic or signed ballot. Each member in the district where an election is to be conducted shall be provided with a ballot. Ballots shall be cast electronically, or signed and returned by mail at least ten (10) days prior to the annual meeting to the Cooperative's auditor, system counsel, ballot system consultant or such other disinterested third party as the board may designate. Such designee shall accurately and faithfully tally the ballots received, and report the results of the election to the members in writing at the annual meeting. Each member entitled to vote may vote for one candidate. ~~The ballot shall contain a space for the member to vote by inserting the name of one write-in candidate of the member's choice. Members may not vote for write-in candidates.~~ The candidate receiving the most votes shall be the director of the district. In the case of a tie the winner shall be decided by lot.
- (3) ~~Notwithstanding Article V, Section 3(b)(2) above, if there is only one (1) candidate for a district scheduled for election, ballots shall not be provided to the members within the uncontested district and at the annual meeting the presiding officer will announce the candidate is elected and no vote is required.~~

The minutes of the annual meeting shall set forth, among other matters, the name of each person nominated, the number of votes received by each nominee, and the name of the person and the district to which the person has been elected for the ensuing term.

**SECTION 4. Vacancies.**

Subject to the provisions of these Bylaws with respect to the removal of directors, any vacancy shall be filled by a majority vote of the remaining directors, and a director thus elected shall serve for the unexpired term of that vacancy and until a successor has been elected and qualified.

**SECTION 5. Compensation.**

Directors, as such, shall not receive any salary for their services, but may be allowed a per diem and expenses of attending committee meetings and meetings of the Board, and when requested by the Board, president or CEO, in assisting the CEO or in lieu of the CEO to transact business for the Cooperative or to attend meetings of other organizations on business related to the cooperative. The Board of Directors shall from time to time establish by resolution the rate of the

meeting per diem and other compensation per diem. No director and no close relative of a director may receive compensation for serving the Cooperative as a regular employee. The term "close relative" as used in this section applies to the following: son, daughter, mother, father, sister, brother, spouse, stepfather, stepmother, stepson, stepdaughter, half sister and half brother, significant other or domestic partner.

#### **SECTION 6. Rules and Regulations.**

The Board of Directors shall have power to make and adopt such rules and regulations, not inconsistent with law, the Articles of Incorporation of the Cooperative or these bylaws, as it may deem advisable for the management, administration and regulation of the business and affairs of the Cooperative.

#### **SECTION 7. Accounting System and Reports.**

The Board of Directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may from time to time be designated by the Cooperative's primary lender. The Board of Directors shall also after the close of each fiscal year cause to be made a full and complete audit of the accounts, books, and financial condition of the Cooperative as of the end of such fiscal year.