

ARTICLE V – BOARD OF DIRECTORS

Section 1. General Powers. The business affairs of the Cooperative shall be managed by a Board of seven (7) Directors that shall exercise all of the powers of the Cooperative not conferred upon or reserved to the Members by law, the Cooperative's Articles of Incorporation, or these Bylaws.

Section 2. Director Districts. The territory served by the Cooperative shall be divided into as many districts as there are Director seats. Each district shall contain approximately the same number of Patrons as the other districts. Maps designating the exact boundaries of each district shall be prepared and maintained at the principal office of the Cooperative.

At least every eighth (8th) year, the Board shall review the number of Patrons in each district, and if there are substantial inequalities, the Board shall redefine district boundaries by Board resolution so that each shall contain as nearly as practicable the same number of Patrons. Redistricting shall also be done if the total membership of the Cooperative increases or decreases by more than ten percent (10%) from the prior year due to new territory acquisition or territory sale. Redistricting shall not be done within ninety (90) days of any annual meeting.

Section 3. Directors Elected. Each Director shall be elected by the Members of the district he or she represents upon nomination and following the procedure set forth in these Bylaws.

Section 4. Election and Tenure of Office. Each district shall be represented by one (1) Director who shall be elected for a four (4) year term. Directors representing districts 3, 5, and 7 shall have terms of office expiring on the first odd-numbered year following each leap year. Directors representing districts 1, 2, 4, and 6 shall have terms of office expiring on the second odd-numbered year following each leap year. Each term shall end on the date of the annual meeting in the year the term expires, provided that Directors shall continue in office until their successors have been elected and have qualified. If for any reason the Members fail to elect a Director for any district at the expiration of the incumbent Director's term of office, the incumbent shall continue in office for the new term.

Section 5. Director Qualifications. To be eligible to become or remain a Director of the Cooperative a person must:

- (a) be an individual eighteen (18) years of age or older;
- (b) be a Member of the Cooperative;
- (c) purchase electric energy within his or her director district; and
- (d) not be an employee of the Cooperative.

Section 6. Member Representative. If an individual is nominated to serve on the Board as the representative of a Member that is not a natural person, the person nominated shall meet the qualifications requirements for such office set forth in Subsections 5(a) and (d) of this Article and the represented Member shall meet the qualifications requirements of Subsections 5(b) and (c). Such representative shall be subject to any Cooperative conflict of interest Bylaw or policy both personally and in his or her representative capacity. If such representative is elected or appointed to the Board and subsequently fails to complete his or her term, the Board and not the Member shall appoint a replacement from the Cooperative membership as provided for herein.

Section 7. Nominations. A nomination for Director may be made by written petition signed by at least fifteen (15) Members and filed with the board of directors or its designee no earlier than ninety (90) days nor later than sixty (60) days prior to the date of the election. The signature of a spouse of a Member shall not be counted unless the spouse is a joint Member and the other joint Member has not signed or unless the spouse is a Member in his or her own right.

To be eligible for placement on the ballot, a nominee must meet the requirements of Section 5 of this Article, and the nominating petition must be received by the board of directors or its designee by the close of business at least sixty (60) days prior to the date of the election. The Cooperative's staff shall determine whether a petition is valid within one (1) business day and shall promptly notify the party who submitted the petition of such determination.

Section 8. Election of Directors. Each Member of a district shall be entitled to vote for one (1) candidate nominated from the Member's district, either at a meeting held for such purpose, or by mail, or by electronic means using a secure and verifiable electronic transmission system established by the Cooperative, but not more than one of these, provided that there shall be no election in any district for which only one (1) candidate is nominated. A Member who has voted by mail or by electronic means shall not be entitled to vote at the meeting. A Member may vote for only one candidate and may not vote for a candidate for a seat in a district other than the district in which the Member's service is located. The Board shall establish a policy for determining the voting district of Members with service locations in multiple districts.

When there is a contested director election, the Secretary of the Cooperative, or his or her designee, shall mail or cause to be mailed to each eligible Member a ballot listing the candidates nominated for director in the Member's district. Such ballots shall be mailed by an independent printing or mailing service not less than thirty (30) days before the annual meeting. There shall be included with each ballot a return envelope, instructions for applying for an electronic ballot if desired, and a biographical sketch and position statement that fits on one side of an 8½" by 11" page for each candidate, provided that such document need not be included with ballots if a candidate has not provided one to the Cooperative at least forty-five (45) days prior to the meeting at

which Directors are to be elected.

On or before five o'clock (5:00) p.m. on the day preceding the annual meeting, all ballots voted by mail and all ballots voted electronically must be received by the Cooperative or an independent party with whom the Cooperative has contracted for the storage and counting of ballots. All ballot return envelopes shall be signed by the voting Member. Envelopes containing mailed ballots shall remain sealed and uncounted until such time as the ballots are committed to the custody of an independent party retained for the purpose of the storage and counting of ballots. Voting for Directors shall conclude when the President calls to order the annual meeting of the Members in any election year.

The candidate from each district receiving the highest number of votes shall be deemed elected as a Director of the Board. A qualified candidate who is not contested shall be deemed elected. Ballots cast in an election for any Director seat will be made available to any candidate for that seat upon request of the candidate. Ballots will be retained under seal by the Cooperative for a period of four (4) years following the election.

Section 9. Director Compensation and Expenses. Directors shall not receive a salary for their services, except that Directors may be paid a sum fixed by Board policy for each Board meeting, conference, or event related to Cooperative business. To the extent authorized by the Board, Directors shall be reimbursed for expenses actually and necessarily incurred in connection with Cooperative business, or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some expenses.

Section 10. Removal of Director by Members. The Members may remove a Director with or without cause. The question of the removal of a Director shall be considered and voted upon at a special meeting of the Members called for that purpose, but only Members of the district the Director represents shall be entitled to vote on the question of the removal of such Director. A Director may be removed only if the number of votes cast for removal exceeds those against removal.

Section 11. Removal of Director by the Board. Any Director elected by the Board, not by the Members, to fill a vacancy may be removed with or without cause by a vote of the majority of Directors seated on the Board.

Section 12. Resignation. A Director may resign at any time by giving written notice to the President and the Chief Executive Officer. The resignation shall be effective upon delivery of the notice unless the notice states a later effective date.

A Director is deemed to have resigned upon determination by a vote of a majority of Directors seated on the Board that the Director:

- (a) failed to attend at least sixty percent (60%) of the annual, regular, and special meetings of the Board in any twelve (12) consecutive months, which absences

were not excused by the Board;

- (b) does not meet the qualifications for Director established in Section 5 of this Article;
- (c) has failed to comply with Board-approved policies concerning duties, standards of conduct, and conflict of interest;
- (d) engaged in fraudulent or dishonest conduct or gross abuse of authority or discretion with respect to the Cooperative; or
- (e) otherwise has failed to meet the fiduciary obligations of a Director of the Cooperative.

Section 13. Removal or Involuntary Resignation Procedure. A majority of seated Directors must authorize any charges against a Director that could result in removal or involuntary resignation. A Director shall be informed in writing of the charges and evidence supporting the charges at least twenty (20) days prior to the meeting of the Board at which the charges are to be considered, and shall have an opportunity at the meeting to be heard in person, in writing, or by counsel and to present evidence regarding the charges.

Section 14. Vacancies. Vacancies occurring on the Board shall be filled by a majority vote of the remaining Directors, and a Director thus elected shall serve for any remaining unexpired portion of the term or until a successor qualified under Article V, Section 5 is elected.

Section 15. Indemnification of Directors and Officers. Each Director and Officer of the Cooperative now or hereafter serving as such, shall be indemnified by the Cooperative against any and all claims and liabilities, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Cooperative) to which he or she has or shall become subject by reason of any action alleged to have been taken, omitted, or neglected by him or her while serving as such, if he or she acted in good faith and in such a manner that he or she reasonably believed to be in, or not opposed to, the best interests of the Cooperative, and, with respect to any criminal action or proceedings, he or she had no reasonable cause to believe his or her conduct was unlawful. Every Director and Officer entitled to indemnification under this section shall be indemnified against all expenses, court costs, expert witness fees, attorney fees, judgments, fines and amounts paid in settlement or satisfaction of judgment actually or reasonably incurred by him or her in connection with such action, suit or proceeding, provided such Director or Officer was acting within the scope of his or her duties at the time the claim arose.

The Cooperative may purchase and maintain insurance on behalf of any person who is or was a Director or Officer of the Cooperative against any liability asserted against him or her in any such capacity as stated in the immediately preceding paragraph.

Indemnification by the Cooperative will cover all amounts above and beyond policy coverages or items not included in coverages.

If the Cooperative indemnifies or advances expenses to a Director pursuant to this section in connection with a proceeding by or in the right of the Cooperative, the Cooperative shall give written notice of the indemnification or advance to the Members with or before the notice of the next meeting of the Members.

The right of indemnification provided for herein shall not be exclusive of any rights to which any Director or Officer of the Cooperative may be entitled by law.