

Proposed bylaw amendment information—Annual Meeting 2023

In addition to our director elections in June, Cooperative members will also be asked to approve three new bylaw amendments at this year's Annual Meeting. The co-op and its board of directors would appreciate your support of these bylaw amendments.

The first proposed amendment will improve and clarify Board of Director qualifications

Currently, board of director members are required to be a Cooperative member in good standing and must reside within the district they serve. In addition, directors cannot be employed by a business that competes with or primarily supplies goods to the Cooperative. This new amendment would add the following qualifications for board of director service: directors must be able to enter legally binding contracts, have no criminal history involving a conviction of a felony or immoral crime, have no employment relationship with the Cooperative (or be a "close relative" of an employee of the Cooperative) within the past three (3) years, and must not have been formally censured by the Board of Directors more than once.

The second amendment addresses director campaign financing and payment for board service

If approved, Board of Director candidates will be required to disclose all sources of funds, financial benefits, and campaign contributions of any kind that they receive from third-parties or outside sources for their campaigns. Additionally, directors would be prohibited from receiving such contributions from third-parties or outside sources for their service on the board. In other words, directors would only receive remuneration for their board service from the Cooperative. The goal of this proposed bylaw amendment is to protect our members' local control of the Cooperative and to bring transparency into the election process for those candidates who receive funding from third parties or special interest groups.

The final amendment provides protection for those serving the Cooperative and its members

This amendment would add a new section to our bylaws providing indemnification while employees, officers, directors, and agents are acting in their official roles in their course and scope of service to the Cooperative and its members. Actions and decisions that are made in good faith and based upon reasonable business judgment exercised in the best interest of the Cooperative and its members would be protected, and should someone in their official role be forced to defend themselves, the Cooperative would assist in that endeavor.

Full language for these proposed bylaw amendments will also be located inside the June 2023 edition of the *Rural Missouri*. Please contact our office at 866-621-3679 with any specific questions.

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Are you in favor of clarifying Board of Director qualifications in our bylaws by amending Article IV, Section 3 as follows?

Article IV. DIRECTORS

SECTION 3. Qualifications.

No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who:

- a) Is not a member in good standing of the Cooperative, a bona fide resident in the area served by the Cooperative and receiving electric service from the Cooperative at his/her primary residential abode that must be within his/her Cooperative District (North, Central, or South); or
- b) Is in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative; **or**
- c) does not have the capacity to enter legally binding contracts; or**
- d) has a criminal history involving a conviction of a felony or crime of moral turpitude (i.e., embezzlement, fraud, stealing, forgery, robbery, or similar crime of dishonesty or immorality); or**
- e) has been employed by the Cooperative, or has been a “close relative” of an employee or a director of the Cooperative (as defined in Cooperative policy), within the past three (3) years; or**
- f) has been formally censured by the Board of Directors of the Cooperative more than once in accord with the Cooperative’s policies governing board member duties and standards of conduct.**

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

With the goal of protecting our member's local control of this Cooperative, would you be in favor of a bylaw amendment requiring board of director candidates to disclose all sources of funds, financial benefits, and campaign contributions of any kind that they receive from third-parties for their campaigns and to prohibit such contributions to board members by third-parties for board service by amending Article IV, Section 4 and adding a new Section 8 as follows?

Article IV. DIRECTORS

SECTION 4. Nominations

- 1) Nominating Committee. It shall be the duty of the Board of Directors to appoint, not less than thirty-five days nor more than ninety days before the date of a meeting of the members at which directors are to be elected, a committee on nominations consisting of not less than five members nor more than nine members who shall be selected from different districts so as to insure equitable representation. No member of the board may serve on such committee. The committee, keeping in mind the principle of equitable representation, shall prepare and post at the principal office of the Cooperative at least thirty days before the meeting a list of nominations for directors which may include a greater number of candidates than are to be selected.
- 2) By Petition. Any fifteen or more members acting together may make other nominations by petition not less than forty-five days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee on nominations is posted; **however, director candidates who receive money, financial benefits, or campaign contributions of any kind from third-parties or outside sources must be nominated as a Board of Director candidate by the committee on nominations and cannot be nominated as a candidate by petition.**

SECTION 8. Reporting of Campaign Contributions

All candidates who receive money, financial benefits, or campaign contributions of any kind from third-parties or outside sources for their campaign must disclose to the Committee on Nominations the identities of all such sources, amounts received from each, and dates such contributions were made at least forty-five (45) days prior to the commencement of elections, at the time the candidate meets with the Committee on Nominations, five (5) days before elections begin, and five (5) days after the election should such candidate be elected by the members to serve on the Board. No Board member shall receive any money, financial benefits, or contributions of any kind from any third-party or outside source related to their service on the Board once elected. Violation of the provisions of this section will result in disqualification from Board service whether learned before or after the election, and the vacancy created by such disqualification shall be filled by the Board of Directors pursuant to Section 6 of this Article IV.

Should the Cooperative amend its bylaws to include a new section in Article XI for the indemnification of its directors, officers, employees, and agents to foster legal protection in their course and scope of service to the Cooperative and its members?

Article XI. MISCELLANEOUS

SECTION 5. Indemnification

Each person who at any time is, or shall have been a director, officer, employee or agent of the Cooperative and who was or is a party, or is threatened to be made a party, to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that such person is or was a director, officer, employee or agent of the Cooperative, or served at the request of the Cooperative as a director, officer, employee, trustee or agent of another Cooperative, partnership, joint venture, trust or other enterprise shall be indemnified by the Cooperative against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such director, officer, employee or agent in connection with any such action, suit or proceeding to the full extent permitted by the laws of the State of Missouri. The foregoing right of indemnification shall in no way exclude any other rights of indemnification to which any such director, officer, employee, or agent may be entitled, under any bylaw, agreement, vote of directors or otherwise, nor shall it preclude the Cooperative from purchasing and maintaining insurance to provide either the same indemnification or a broader one. All rights of indemnification hereunder shall continue as to a person who has ceased to be a director, officer, employee, or agent and shall inure to the benefit of the heirs, executors, and administrators of any such director, officer, employee, or agent.