

What Does It Take to Be a Director for Big Horn?

The Big Horn Rural Electric board of directors establishes objectives, goals, policies, approves the budget, reviews and updates bylaws and advises members and legislators on issues that require approval and support.

Also, as trustees of the members, creditors and the general public, a rural electric board provides for the continuity and the success of the co-op by employing, developing and guiding capable management that is responsible and accountable for the operation and the administration of the cooperative. The board reviews the relationship between the membership needs and cooperative products and services.

Big Horn's Bylaws require that directors:

- ✓ **Must have** the legal capacity to enter into a binding contract.
- ✓ **Must be** a member in their individual name and in good standing with Big Horn for one year prior to becoming a candidate.
- ✓ **Must reside** within and receive electric service at their primary residential abode that is located in the appropriate district served by Big Horn.
- ✓ **Cannot be** a close relative of an incumbent director or of an employee of Big Horn.
- ✓ **Cannot be** employed by or be financially interested in a competing enterprise or business that sells electric energy and/or electrical supplies to Big Horn.

Big Horn directors should understand, recognize and believe in the cooperative principles and way of doing business:

- ✓ **Member ownership** and control by a member elected representative board.
- ✓ **One member**, one vote.
- ✓ **Commitment** to community.
- ✓ **Responsibility** to provide an adequate supply of high-quality electric energy and other services at the lowest practicable cost consistent with sound business practices.

To effectively fulfill the functions of the board each director must:

- ✓ **Be willing** to commit time to develop and maintain the knowledge necessary to make informed decisions. A director must commit to read industry information and to attend meetings and training. A Big Horn director is involved between 19 to 30 days per year.
- ✓ **Be able** to read and interpret operating, financial and other key performance reports.
- ✓ **Participate** at board meetings by raising pertinent/discerning questions and by contributing ideas and suggestions.
- ✓ **Represent all** of Big Horn's membership on an impartial basis.
- ✓ **Be able** to receive and exchange information electronically. While not a requirement, it facilitates timely communication for a director.
- ✓ **Never lose sight** of the fact that Big Horn's members elected each director to provide the good stewardship required to guide the cooperative successfully into the future, while meeting the members' needs and assuring Big Horn's financial viability.

A director should possess the following characteristics:

- ✓ **High integrity**, high ethics and respect for others.
- ✓ **Critical thinking** skills with the ability to exercise sound judgment and reason logically.
- ✓ **Be a team player** – willing to listen to, discuss and respect others' opinions.
- ✓ **Understand** that although they individually may not concur with a decision reached by the majority of the board, it must be supported by the whole board.

Big Horn Rural Electric Company
Basin, Wyoming
DIRECTOR CANDIDATE PROFILE

Name on your individual membership: _____

Name you are known by: _____

Background data – (education, veteran, how long have you lived in this area, etc.):

What is your present occupation? _____

In your present occupation, how do you stay informed of issues and/or continue your education?

What community and/or volunteer organizations do you currently belong to? _____

Will you be able to attend daytime meetings on weekdays? _____

How long have you been a member of Big Horn REA? _____

Other personal information (i.e., name of spouse, number of children, hobbies, interests, etc.):

In your opinion, what are the benefits of belonging to a cooperative? _____

What expertise or knowledge do you feel you can bring to Big Horn's Board of Directors?

How do you plan to stay informed of and educate yourself on energy and cooperative issues?

What do you feel are the biggest challenges that Big Horn is/will be facing? _____

What goals and/or objectives do you have while serving on Big Horn's Board of Directors? _____

Other pertinent information you would like to add: _____

have regard for the equitable representation of the several areas served by the Cooperative. The Committee shall elect its own chairman and secretary prior to the Member meeting. It shall be the responsibility of the Committee to establish or approve the manner of conducting Member registration and any ballot or other voting, to pass upon all questions that may arise with respect to the registration of Members in person or by proxy, to count all ballots or other votes cast in any election, or in any other matter, to rule upon the effect of any ballots or other vote irregularly or indecisively marked or cast, to rule upon all other questions that may arise relating to Member voting and the election of directors (including, but not limited to, the qualifications of candidates and the regularity of the nomination and election of directors), and to pass upon any protest or objection filed with respect to any election or to conduct affecting the results of any election.

In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative.

In the event a protest or objection concerning any election is delivered to an officer of the Cooperative during the meeting or is filed at the Cooperative's business office within three (3) business days following the adjournment of the meeting in which the voting is conducted, the Committee shall be reconvened, upon notice from its chairman, not less than seven (7) days after such protest or objection is delivered or filed. The Committee shall hear such evidence as is presented by the protestor(s) or objector(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Committee, by a vote of a majority of those present and voting, shall within a reasonable time but not later than thirty (30) days after such hearing, render its decision, the result of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Committee may not affirmatively act on any matter unless a majority of the Committee is present. The Committee's decision (as reflected by a majority of those actually present and voting) on all matters covered by this Section shall be final. The Committee shall take no action unless a Quorum is present to hear the evidence and render a decision.

SECTION 2.09 Order of Business: The order of business at the annual meeting of the Members shall be essentially as follows:

1. Report on the number of Members present in person and by proxy in order to determine the existence of a quorum;

2. Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be.
3. Conducting Cooperative Business.

ARTICLE III BOARD OF DIRECTORS

SECTION 3.01 Director Districts: The Cooperative shall equitably divide the general area where Members are located or reside ("Cooperative Service Area") into five (5) districts ("Director Districts"). Each district shall be associated with the company extension area and represented by the number of directors as described as follows:

<u>Director District Number</u>	<u>Description</u>	<u>Number of Directors in District</u>
One	Extension #1	1
Two	Extension #2	1
Three	Extension #3	1
Four	Extension #4	1
Five	Extension #5 & #6	1

Notwithstanding the foregoing number of districts, district descriptions, and number of district directors presently provided for in this section and in other sections of the Article IV, every year the Board of Directors, not less than ninety (90) days prior to the first date on which the annual member meeting may be scheduled pursuant to these Bylaws to be earliest held, shall review the districts and the number of members served in each District.

If the Board determines that the boundaries or number of districts should be altered or that the number of district Directors should be increased or reduced, so as to correct any substantially inequitable factors regarding the residences of members, the number of geographic location of districts, or the number of district directors, the Board shall amend these Bylaws accordingly and may, after such amendments become effective, appoint any additional directors provided for by such amendments, and may fix their respective initial terms, not to exceed three (3) years.

Within thirty (30) days following any Director District revision and at least sixty (60) days before the next Annual Meeting, the Cooperative shall notify, in writing, and Members affected by the Director District revision. Director District revisions are effective on the

date the Cooperative release written notice of the Director District revision. No Director District revision may:

1. Increase an existing Director's Director Term; or
2. Unless the affected Director consents in writing, shorten any existing Director's Director Term.

SECTION 3.02 Board of Directors: The Cooperative shall have a Board consisting of one (1) individual from each Director District elected by all voting Members in the Cooperative Service Area. Except as otherwise provided by law, the Articles, or these Bylaws:

1. All Cooperative powers must be exercised by the Board or under the Board's authority; and
2. All Cooperative affairs must be managed under the Board's direction.

To the extent the law, the Articles, or these Bylaws authorize any person to exercise any power that the Board would otherwise exercise; the person exercising the power has, and is subject to, the same duties, responsibilities, and standards of care of the Board.

SECTION 3.03 Director: Any Director or Director Candidate must comply with this Bylaw:

A. General Director Qualifications: A Director or Director Candidate must:

1. Be an individual member in good standing, permanently residing in the Director District from which the Director is elected or chosen, who uses, receives, or purchases Cooperative Service at the individual's primary residence;
2. Have the legal capacity to enter into a binding contract;
3. While a Director and during the five (5) years immediately prior to becoming a Director, not:
 - a. Be, nor have been, convicted of a felony; or
 - b. Plead, nor have pled, guilty to a felony;
4. Within eighteen (18) months of becoming a Director, and unless excused by the Board for good cause, attend the required classes and receive a NRECA Credentialed Cooperative Director designation or similar certification;
5. Unless excused for good cause or by the Board or Members, attend at least three-fourths (3/4) of all

Board meetings during any twelve (12) month period; and

6. Comply with any other reasonable qualifications determined by the Board.

A Member that is an entity may designate an individual to be a Director candidate if such individual has a direct affiliation with the owner (e.g. owner, manager, partner) and if that individual also uses Cooperative Services supplied by the entity at the individual's primary residence and if the individual permanently resides (over 9 months each calendar year) in the Director District from which the Director is elected or chosen.

B. Conflict of Interest Director Qualifications: While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director Candidate must not be, nor have been:

1. A close relative of any existing Director, other than an existing Director who will cease being a Director within one (1) year;
2. An existing, or a close relative of an existing, non-Director Cooperative officer, employee, agent or representative;
3. Employed by, materially affiliated with, or share a material financial interest with any other Director; or
4. Engaged in, nor employed by, materially affiliated with, or have a material financial interest in, any individual or entity:
 - a. Directly and substantially competing with the Cooperative; or
 - b. Selling goods or services in substantial quantity to the Cooperative, or to a substantial number of Members; or
 - c. Possessing a substantial conflict of interest with the Cooperative.

C. Continuing Director Qualifications: Only individuals complying with the General Director Qualifications, Membership Director Qualifications, and Conflict of Interest Director Qualifications (collectively, "Director Qualifications") may serve, or continue to serve, as a Director.

After being elected or appointed a Director, if any Director fails to comply with any Director Qualification, as reasonably determined by the Board, the Board shall notify the Director of such failure and the Director shall thereafter have not more than 45 days to remove the disqualifying factor, and if not removed within that time limit, the Board may then vote to remove the Director. The disqualification of any board member shall not invalidate Board action taken by a majority of qualified board members.

SECTION 3.04 Director Nominations: Unless otherwise provided in these Bylaws, prior to electing Directors:

- A. Nominating Committee Nominations: At least sixty (60) days prior to any Member Meeting at which Members are scheduled to elect Directors, the Board shall appoint a Member Committee consisting of at least one (1) individual Member from each Director District. Nominating Committee members may not be an existing, or a close relative of an existing Cooperative Director, Officer, employee, agent, representative, or known Director Candidate.

At least thirty (30) days prior to the Member Meeting at which Members are scheduled to elect Directors, the Nominating Committee shall:

1. Nominate at least one (1) individual to run for election for each Director position for which Members are scheduled to vote at the Member Meeting; and
2. Post or cause to be posted a list by District of the Nominating Committee nominations at the Cooperative's principal office.

As determined by the Board, and as allowed by the Governing Documents, the Cooperative may reasonably compensate or reimburse Nominating Committee members.

- B. Member Petition Nominations: Members may nominate additional individuals to run for election for any Director position for which Members are scheduled to vote at any Member Meeting ("Member Petition Nominations"). Members make Member Petition Nominations by delivering to the Cooperative at least fifteen (15) business days prior to the Member Meeting a written petition ("Member Petition"):
1. Listing the name of the Member Petition Nominee;

2. Indicating the Director position for which the Member Petition Nominee will run; and
3. Containing the printed names, addresses, and telephone numbers, and original signatures, of at least twenty-five (25) Members of the Total Membership.

After verifying that a Member Petition complies with this Bylaw, the Cooperative shall post the Member Petition Nomination in approximately the same location as the Nominating Committee Nominations.

- C. Notice of Director Nominations: At least ten (10) days prior to any Member meeting at which Members are scheduled to elect Directors, the Cooperative shall notify Members of the:
1. Director position for which Members are scheduled to vote;
 2. Names and corresponding Director positions of all Nominating Committee Nominations; and
 3. Names and corresponding Director Positions of all Member Petition Nominations.

No director nominations will be permitted from the floor during the annual meeting.

SECTION 3.05 Director Elections: Members located or residing in the Cooperative Service Area shall annually elect Directors:

1. For Director positions for which the incumbent Director's Director Term is expiring or for new Director positions;
2. From the Nominating Committee Nominations, or Member Petition Nominations;
3. At the Annual Meeting or other properly called Member Meeting; and
4. By a plurality of the votes cast with a Member Quorum present in person or represented by Member Proxy, Member Mail Ballot, or electronically.

In the case of a tie Director Vote, the Credentials and Election Committee shall determine the Director elected by casting lots through a coin toss or such other method of random and unbiased selection as determined by the board.

SECTION 3.06 Director Terms: Each Director's term is three (3) years ("Director Term"). The Cooperative shall stagger Director Terms by dividing the total number of authorized Directors into groups of approximately equal number. Members, therefore, will annually elect an approximately equal number of Directors.

Decreasing the number of Directors or length of Director Terms may not shorten an incumbent Director's Director Term. Despite the expiration of a Director Term, the Director continues to serve until a new Director is elected, or until the number of Directors is decreased, unless otherwise provided in these Bylaws, the Director Term of a Director filling a vacant Director's position is the remaining unexpired Director Term of the vacant Director's position.

SECTION 3.07 Director Resignation: A director may resign at any time by delivering written notice of resignation to the Board President or Secretary. Upon the resignation of a Board Member, the remaining Board Members may designate a replacement director from the same district as the resigning member to fill that position until the next Annual Meeting following such resignation. Unless the written notice of resignation specifies a later effective date, a Director's resignation is effective upon the Board President or Secretary receiving the written notice of resignation. If a Director's resignation is effective at a later date, and if the successor Director does not take office until the effective date of the Director's resignation, then the pending Director vacancy may be designated before the effective date of the Director's resignation.

SECTION 3.08 Director Removal: Regarding any Director:

- A. **Director Removal Petition:** As provided in this Bylaw, Members may request the removal of one (1) or more Directors for committing any grossly negligent, fraudulent, or criminal act or omission significantly and adversely affecting the Cooperative, or for any reason. For each Director for whom removal is requested, Members shall deliver to the President or Secretary a dated written petition ("Director Removal Petition")
1. Identifying the Director;
 2. Explaining the basis for requesting the Director's removal and identifying the grossly negligent, fraudulent, or criminal act or omission underlying the removal request; and
 3. Containing the printed names, printed addresses, and original and dated signatures obtained within sixty (60) days of the director Removal Petition date, of at least ten percent (10%) of the Members entitled to elect the Director.

Within thirty (30) days following the President or Secretary receiving a Director Removal Petition:

1. The Cooperative shall forward a copy of the Director Removal Petition to the implicated Director; and
 2. The Board shall meet to review the Director Removal Petition.
- B. **Member Meeting:** If the Board determines that the Director Removal Petition complies with this Bylaw, then the Cooperative shall notice and hold a Member Meeting within sixty (60) days following the Board's determination. Notice of the Member Meeting must state that:
1. A purpose of the Member Meeting is to consider removing a Director
 2. Evidence may be presented, and a Member vote taken, regarding removing a Director; and
 3. Members may elect a successor Director.

If a Quorum is present at the Member Meeting, then for the Director named in each Director Removal Petition;

1. Prior to any Member vote, evidence must be presented supporting the basis for removing the Director;
2. The Director may be represented by legal counsel, and must have the opportunity to refute, and present evidence opposing, the basis for removing the Director; and
3. Following the Director's presentation, and following Member discussion, the Members must vote whether to remove the Director.

If a majority of Members present and voting, and entitled to vote for the Director, vote to remove the Director, then the Director is removed effective the time and date of the Member vote. At the Member Meeting, the Members entitled to vote for the Director may elect a new Director to succeed the removed Director without complying with the Director Nomination or notice provisions of these Bylaws. Any successor Director elected by the Members must comply with the Director Qualifications and serve only for the time remaining in the term of the removed Director.

Neither a Director Removal Petition nor Director Removal affects any Board action. Members may not vote to remove a Director by Member Proxy. No Director may be removed for lawfully opposing or resisting any transfer of Cooperative Assets or any Cooperative Dissolution.

- C. **Director Removal for Negligent Absence:** Any Director who fails to attend three (3) consecutive meetings out of twelve (12), except for temporary health problems, shall

automatically be removed from the Board of Directors and another shall be appointed to finish the term of the Director so removed in the manner provided in Section 3.09.

SECTION 3.09 Director Vacancy: Unless otherwise provided in these Bylaws:

1. By the affirmative vote of the majority of the remaining Directors, the Board may fill any vacant Director position, including any vacant Director position resulting from increasing the number of Directors; and
2. Any Director elected by the Board to fill any vacant Director position must be qualified to serve pursuant to the qualifications set forth in Section 3.03 of these Bylaws and shall serve until the next Annual Member Meeting at which time the Members shall elect a new Director to fill the previously vacant Director position and unexpired term.

SECTION 3.10 Director Compensation: As allowed by Law and the Articles, the Cooperative may reasonably reimburse and compensate Directors. The Board shall determine the manner and method of any reasonable Director reimbursement or compensation for attending any:

1. Board Meeting;
2. Board approved Cooperative function, Cooperative related committee meeting or function; or,
3. Function reasonably enhancing the Director's ability to serve as a Director.

Director vouchers itemizing expenses shall be reviewed and approved by the Board.

SECTION 3.11 Director Conduct: Unless modified or prohibited by law:

- A. Director Standard of Conduct: A Director shall discharge the Director's duties, including duties as a Board Committee member
 1. In good faith;
 2. With the care and loyalty an ordinarily prudent person in a like position would exercise under similar circumstances; and,
 3. In a manner the Director reasonably believes to be in the Cooperative's best interests.
- B. Director Reliance on Others: Unless a Director possesses knowledge concerning a matter making reliance unwarranted,

then in discharging a Director's duties, including duties as a Board Committee member, a Director may rely upon information, opinions, reports, or statements, including financial statements and other financial data, prepared or presented by:

1. One (1) or more Cooperative Officers or employees whom the Director reasonably believes to be reliable and competent in the matters prepared or presented;
 2. Legal counsel, public accountants, or other individuals, as well as Board Committees, the Director reasonably believes to be competent and reliable on the matters prepared or presented.
- C. Director Liability: If a Director complies with this Bylaw, then the Director is not liable to the Cooperative, any Member, or any other individual or entity for action taken or not taken as a Director. No Director is deemed a trustee regarding the Cooperative or any property held or administered by the Cooperative, including without limit, property potentially subject to restrictions imposed by the property's donor or transferor.

SECTION 3.12 Close Relative: As used in these Bylaws, the term "close relative" means an individual who:

1. Is either by blood, law, or marriage, including half, step, foster, and adoptive relations, a parent, grandparent, spouse, child, grandchild, or sibling; or
2. Principally resides in the same residence.

ARTICLE IV BOARD MEETINGS AND DIRECTOR VOTING

SECTION 4.01 Regular Meetings: A regular meeting of the Board of Directors shall be held, without notice, immediately after the adjournment of the Annual Meeting of the Members, or as soon thereafter as conveniently may be, at such site as designated by the Board in advance of the Annual Member Meeting. A regular meeting of the Board of Directors shall also be held monthly at such date, time, and place in one of the counties in Wyoming within which the Cooperative serves as the Board President shall determine. Such regular monthly meetings may be held with verbal and/or written notice to the Directors fixing the date, time, and place thereof.,

BOARD CANDIDATE CERTIFICATION OF QUALIFICATIONS AND CONDUCT

I, _____, as a candidate for director of Big Horn Rural Electric Company, hereby state that I have read and understand the Article III – Board of Directors section of the Company’s bylaws.

I further state that I fully meet all the General Director Qualifications as stated in Article III Sections 3.03 without exception, and if elected will perform the duties of a board member as required in Article III, and furthermore my conduct will be in accordance with Section 3.11 – Director Conduct.

Signature of Board Candidate

Date

Witness Signature

Date