

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 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 the respect of 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.

**ARTICLE III
BOARD OF DIRECTORS**

SECTION 3.01 Director Districts: The Cooperative shall equitably divide the general area which Members are located or reside ("Cooperative Service Area") into five (5) district ("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, no 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 Member 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) natural person 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 a natural person;

2. Have the legal capacity to enter into a binding contracts;
 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 three (3) years 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.
- B. Membership Director Qualifications: While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director Candidate must:
1. Be a Member in good standing permanently residing (residing over 9 months of each year) in the Director District from which the Director is elected or chosen; and
 2. Use, receive, or purchase Cooperative Service at the Director's primary residence.
- C. 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.
- D. Continuing Director Qualifications: Only natural persons 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 reasonable determined by the Board, **then the Board is authorized to and shall remove the Director or then, unless otherwise determined by the Board for good cause, the Director is no longer a Director.** If at least a majority of Directors authorized by these Bylaws comply with the Director Qualifications and

approve a Board action, then the failure of any Director to comply with all Director Qualifications does not affect the Board action.

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) 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 (“Nominating Committee Nominations”); 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”). Member make Member Petition Nominations by delivering to the Cooperative at least fifteen (15) business days prior to the Member Meeting in writing for each member Petition Nomination (“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.

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, Member Petition Nominations, or by nominations from the floor at the Annual Member Meeting;
3. At the Annual Member 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 or Member Mail Ballot.

In the case of a tie Director Vote, the Credentials and Election Committee shall determine the Director elected. Or the Director elected is determined by drawing by lot.

SECTION 3.06 Director Terms: 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. The Director Terms of two (2) or more Directors from any Director District may not coincide.

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. As Members existed on the Director Removal Petition date, containing the printed names, printed addresses, and original, and dated signatures obtained 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 moving 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 Member Quorum is present or represented by Member Proxy 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 of 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 fulfill the term of the Director so removed in the manner provided in Section 3.08.

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 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, and;
 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 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 regarding matters the Director reasonably believes a Board Committee, of which the Director is not a member, merits confidence, then the Board Committee regarding matters within the Board Committees' jurisdiction.

- 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 spouse, child, grandchild, or sibling; or
2. Principally resides in the same residence.

Big Horn Rural Electric Company
Basin, Wyoming
DIRECTOR CANDIDATE PROFILE

Name on your individual membership: _____

Name you are known by: _____

Background data – place of birth, education, veteran, how long have you lived in this area? _____

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 meetings on weekdays? _____

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

Within the last five (5) years, have you been convicted of, or plead guilty to, a felony? _____

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: _____

**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 Section 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