



## Information Packet

### Included in this packet:

- **A frequently asked questions page outlining director responsibilities, qualifications and director election processes.**
- **A section of Henry County REMC bylaws that outlines the qualifications to become a candidate for director.**
- **A petition sample.**
- **A membership district map.**

**Your district number is \_\_\_\_\_**



## Henry County REMC Board of Directors Frequently Asked Questions

### **What are the responsibilities of a director?**

Directors set the policies, rates, budget and strategic direction of the cooperative. Directors hire the Chief Executive Officer who makes day-to-day decisions regarding the management of the cooperative.

### **How often do the directors meet?**

The Henry County REMC Board of Directors meet on the second Wednesday of each month. Directors are assigned to committees who meet from time to time. Directors also have educational opportunities to learn more about the electric utility industry, their roles and responsibilities and current issues.

### **What are the qualifications to be a director?**

Attached is a copy of the section of our bylaws which outlines the qualifications to become a candidate for director. The director's residence must be in the district from which he is elected, and he or she must receive a bill for that residence. A director may not be an employee of the cooperative. Also, a director should not have any activity which places him or her in a position of conflict of interest with the cooperative. A director may not be related to an employee of the cooperative. Please read the bylaws for additional information on qualifications.

### **How do I get nominated to be a candidate for director?**

To become a candidate for the Henry County REMC Board of Directors, a qualified candidate must submit the signatures of at least 30 members from his or her district. The signatures must be submitted to the REMC office by February 28 of the year when there is an election for any given district. To assist our Credentials Committee in validating the signatures, all signatures should be accompanied by an address and account number. After the credentials committee has certified that a petition contains 30 valid signatures, the petitioner becomes a candidate.

### **Who can sign the petition?**

The signatures on the petition must be from members who have accounts in the district for which the petition is being submitted. Only the signatures of those persons in whose name the membership is held will be considered valid. In the case of joint memberships, only one of those who hold the joint membership may sign on behalf of that joint membership. Some members have multiple accounts, but they may only sign once.

### **How are directors elected?**

Directors shall be elected via mailed paper ballot or a board approved electronic ballot by the members of the district they represent. An election ballot shall be prepared by the Secretary along with a self-addressed, postage-paid envelope and mailed at least twenty-five (25) days prior to the annual meeting to each member in the District in which nominations have been held. The ballot shall list the nominees. The ballot when voted shall be returned by mail to the Secretary of the Cooperative and post marked at least fifteen (15) days prior to the annual meeting. The Election Committee shall tabulate the ballots for the election of Trustees and shall thereby determine the successful candidates. If there is only one candidate in a district, that person shall be elected by acclamation. The results of the election shall be announced by a member of the Election Committee at the annual meeting.

## ARTICLE III

### Directors

#### Section 1. General Powers.

The business and affairs of the Cooperative shall be managed by a board of directors, which shall exercise all the powers of the Cooperative, except such as are by law or by the Articles of Incorporation of the Cooperative or by these bylaws conferred upon or reserved to the members.

#### Section 2. Qualifications

No person shall be eligible to become or remain a director of the Cooperative who:

- a. is not a member, or an officer, director, member or partner of a member, or an owner of a member if the member is a sole proprietorship;
- b. has ever been convicted of a felony or has been convicted of any other crime(s), which, if a Cooperative employee had been convicted of such crime(s) would cause that employee to either be suspended or terminated from his or her employment;
- c. is in any way employed by, holds a fiduciary position of trust, or has a substantial financial interest in a competing enterprise, or a business engaged in selling communications or electric services or supplies, or constructing or maintaining communications or electric facilities;
- d. has not been a member of the Cooperative for twelve consecutive months prior to the Annual Meeting;
- e. is a current or former employee of the Cooperative;
- f. is a relative, as that term is defined in the Cooperative's policy on nepotism, of an incumbent director, or of the manager, or of an employee of the Cooperative;
- g. fails to maintain minimum attendance at regular board meetings as established from time to time by the Board of Directors;
- h. is elected to or appointed to a board that has direct or indirect jurisdiction over any aspect of the Cooperative's business;
- i. is not at least 18 years of age;
- j. does not meet the residency requirements as otherwise provided herein; or
- k. is found to be in violation of other terms of the bylaws or other rules, regulations, or policies established from time to time by the Board of Directors.

- l. Each director's decisions must be based on the best interest of this Cooperative and any subsidiary owned or operated by the Cooperative. Directors are required to avoid all acts, situations, and appearances that might cause or appear to cause the director's interests to conflict with those of the Cooperative or any of its subsidiaries or to compromise to any degree the integrity, good will, and reputation of the Cooperative, its members, employees, officers, and directors along with its subsidiaries.
- m. The prohibitions outlined above regarding a director's qualifications and tenure are, in part, closely related to a director's fiduciary obligations. A fiduciary obligation is a duty to act for the benefit of others. One's personal interest must be subordinated to that of others. If not the highest, it is one of the highest standards imposed by law.
- n. The fiduciary obligations include, in part, the Board of Directors establishment of legally compliant employee work place standards, which are found in its policies, rules and contractual obligations. The Board of Directors has mandated that a director or prospective director, as a condition of service, must also be subject to fair and equitable, fact sensitive qualification and tenure standards.
- o. The Cooperative's Board of Directors acknowledge it would be a breach of those standards to fail to discipline or discipline a prospective or current director in a manner different from a prospective or current employee where the same or similar convictions were present.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, or any other rule or policy of the Cooperative, the Board shall remove such director from office at its next regular or special meeting.

Nothing contained in this section shall affect, in any manner whatsoever, the validity of any action taken at any meeting of the Board at which a quorum was present. These bylaws, policies, and rules of the Cooperative shall not be interpreted, in any manner, as to create any legal or contractual right for any member to become or remain a director of this Cooperative.

A person, who is otherwise qualified and is designated by a member that is not a natural person, may be nominated and elected as a director for a director's district, within which the member uses Services supplied by the Cooperative, regardless of where the person or designee resides.

### **Section 3. Removal of Directors by Members and Resignation.**

Any member may bring charges against a director by delivering to the Secretary the grounds thereof in writing, together, with a petition signed by at least five percent (5%) of the members. Any member may request the removal of a director for neglect, dereliction, or violation of the responsibilities imposed by these bylaws. Such director shall be informed in writing of the request at least twenty (20) days prior to the meeting of the members, at which the request is to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the request; and the person or persons making the request shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at the meeting of the members.

A director may resign at any time by providing written notice of his or her resignation to the Chairman and Secretary of the Board of Directors. A resignation is effective when the notice is delivered, unless the notice specifies a future date. The Board of Directors may, but is not required, to fill the vacancy. The vacancy may be filled before the effective date, but the successor shall not take office until the effective date.

#### **Section 4. Failure of Director to Meet Qualifications**

a. Failure of a Director to Meet Qualification of the Cooperative's bylaws.

1. If a director fails to meet the qualifications, then, the director shall immediately make written notification of that fact to the Chairman and Secretary of the Board, along with a copy to the CEO. In addition to the director, any member of the Cooperative may also make a written notification of such alleged fact regarding a director in the same manner as prescribed for a director.
2. If the director states that the failure to meet the qualifications of the bylaws shall be permanent, then, such notice shall be deemed as the resignation of the director from the directors. The vacancy may then be filled as provided by the bylaws.
3. If the director states that the failure to meet the qualifications of the bylaws is only temporary in nature, then, the directors shall then address this issue at the next regular or special meeting of the directors, to hear all relevant facts and law concerning such. The director shall have the right to employ counsel of the director's own choosing and expense. The remaining directors shall have the authority, with the assistance of the Cooperative's counsel, to hear and conclusively resolve such issue. Such issue shall be determined by a majority vote of the directors.
4. The directors may, as a part of the resolution of this issue, establish certain objective time frames and benchmarks for the Director to meet, thereby, curing any qualification issue. If the director fails to meet these objective time frames and benchmarks, then, the Chairman of the Board shall, at the next regular or special meeting of the directors, report that fact in writing to the directors. The director's seat shall then be declared vacant by the directors.
5. Any vacancy created by this process may, but is not required to be, filled by the Board of Directors. If the vacancy is filled by the Board of Directors, then, the minutes of the Cooperative shall reflect the vote of the directors.

b. Attendance. Failure of Director to attend meetings

1. Directors shall attend regular board meetings, special board meetings, and other functions of the Cooperative to adequately represent, both, the members from his or her district, as well as all other members of the Cooperative. A director will have automatically resigned should a director be absent for four (4) regular board meetings in a rolling 12-month period.

## **Section 5. Number of Districts and Directors.**

- a. In 1936, the Cooperative's articles of incorporation, Article IV, provided that the number of directors was not to be less than three (3) nor more than thirteen (13). Article IV stated that unless otherwise fixed by the bylaws, the number of original directors of the Cooperative was set at thirteen (13).
- b. The Board of Directors has established that the number of directors will be nine (9) directors. Each director is to represent one district.
- c. The Board of Directors shall have the power to change the boundaries of the districts for any permissible purpose, including creating the same number of districts as there are directors. To the extent practical, the Board of Directors will endeavor to maintain an equitable number of members in each district.

## **Section 6. Tenure**

- a. Directors shall be elected on a three (3) year rotation of the districts as provided herein.
- b. A director's term shall be for (3) years or until their successors shall have been elected and shall have qualified.
- c. Directors, who have served five (5) consecutive 3-year terms, shall not be eligible for re-election or appointment as a director until the expiration of 3 years from the end of his or her previous term.

## **Section 7. District Election Rotation**

- a. Members in each district shall elect directors in the following rotation:
  - i. Districts 1, 4, 7
  - ii. Districts 2, 5, 8
  - iii. Districts 3, 6, 9

## **Section 8. Election of Directors.**

- a. Directors shall be elected by the members voting in the district from which the director is seeking election.
- b. Directors shall be elected via election procedures established by a board policy on director elections.
- c. Director elections will be conducted in a fair and equitable manner, ensuring transparency and accuracy while using means, methods and/or technologies appropriate to offer one vote per member in the district up for election.

## **Section 7. Director Vacancies.**

- a. Subject to the Board of Director's vote to fill a vacancy in a director's position and subject to any applicable provision of the Articles of Incorporation, the bylaws and all other rules, regulations and policies, then the vacancy may be filled by a majority vote of the remaining directors.
- b. Unless provided otherwise, the director thus elected to fill the vacancy shall serve for the unexpired term of his predecessor or until their successors shall have been elected and shall have qualified.
- a. If the vacancy is to be filled, then the Chairman of the Board shall appoint an advisory committee to consist of not less than five (5) members, all of whom must be residents of the district formerly represented by the director whose office has been vacated. It shall be the duty of such committee to nominate and transmit to the Board of Directors the names of two (2) candidates qualified, as provided for herein, for appointment to fill the vacancy.
- b. From the persons thus nominated, the Board of Directors shall appoint one (1) director to fill such vacancy. If the advisory committee fails, neglects or refuses within fifteen (15) days following the request made of them to transmit the names of two (2) persons as candidates for appointment, the Board of Directors shall proceed to fill the vacancy by the appointment of a qualified member who is a resident of the district in which the vacancy occurred.

## **Section 8. Compensation.**

Directors shall receive compensation for attendance at Board meetings, committee meetings and such other services as may be performed by them in such amount as may be determined by the directors by resolution.

## **Section 9. 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 10. Executive Committee Powers and Duties.**

The Chairman, Vice Chairman, Secretary, Treasurer, and immediate past Chairman shall constitute an Executive Committee of which the Chairman shall be Chairman. During the intervals between the meetings of the directors, the Executive Committee shall consider such business of the Cooperative as it deems advisable or as directed by the directors. The Executive Committee shall have power only to make recommendations to the directors. All recommendations determined by the Executive Committee shall be reported to the directors at its next meeting succeeding such determination. Regular minutes of the proceedings of the Executive Committee shall be kept in the regular minute book of the Cooperative. A majority of the Executive Committee shall be

necessary to constitute a quorum, and in every case, the affirmative vote of a majority of the members shall be necessary for the passage of any recommendation. The Executive Committee shall fix its own rules of procedure and shall meet as provided by such rules or by resolution of the committee, and it shall also meet at the call of the chairman or any member of the committee.

### **Section 11. Accounting System and Reports.**

The directors shall cause to be established and maintained a complete accounting system subject to applicable laws and rules and regulations of any regulatory body. The directors shall also within one hundred twenty (120) days 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. Such audit reports shall be submitted to the members at the following meeting.



Petition for Nomination  
for Henry County REMC Board of Directors

I, \_\_\_\_\_, hereby submit the signatures of the following members of Henry County REMC who reside within my district (District No. \_\_\_\_\_) in order to become a candidate for the Board of Directors of Henry County REMC. Only the signatures of those persons in whose name a membership is held with Henry County REMC will be considered valid. In the case of joint memberships, only one of those who hold a joint membership may sign on behalf of the joint membership. In the case where a member holds multiple accounts, the member may sign only once.

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