

Bylaw Amendments Provide For District Elections, Other Changes

Recent revisions to Duck River Electric's Bylaws, approved by the Board of Directors and effective January 27, 2010, will allow candidates for election to vacant Board seats to be elected from their respective zone of representation as opposed to running at-large. This change, along with other amendments which were approved in an effort to bring the Bylaws more in line with current operating practices and in response to member and candidate concerns expressed following the 2009 elections, was made following several months of study and review by the Board's Bylaws Review Committee and adoption by the full Board of Directors.

In addition, the newly amended Bylaws further clarify the qualifications a potential Board candidate must meet in order to be eligible to run for election, whether nominated by the Committee on Nominations or by petition, and establishes an appeal process in the event a candidate is disqualified from running for failure to meet the guidelines.

Cooperative members will now be voting for candidates to represent that portion of the service area in which they live instead of voting for directors throughout the entire 16-county area as was previously the case. As amended, SECTION 4.01 of the Bylaws now states: "The business and affairs of the Cooperative shall be managed under the direction of a board of 13 directors, 12 of whom shall be elected from among the members within their respective Zone of representation and one appointed by the University of the South. The Board shall exercise all of the powers of the Cooperative except such as are by law or by the Cooperative's Articles of Incorporation or Bylaws conferred upon or reserved to the members, and even though elected by Zone, are charged with representing the entire membership."

SECTION 4.05 of the Bylaws further states: "Beginning with the annual Meeting of the members in 2010, and for the election of directors beginning in 2010, directors will be elected by members within their respective Zone, as provided below. Balloting for director elections will be conducted by Zone and shall be carried out as outlined in SECTION 4.03."

"The territory served by the Cooperative shall be divided into six Directorate Zones which represent the counties served by the Cooperative. County line designations of the site where said membership provides service will be used to determine in which Zone said membership will be allowed to cast a ballot. In cases where multiple memberships which cross

multiple county lines are held by the same member in the same name, and if elections are being held in multiple Zones, such membership shall be permitted to vote in only one such election, with the Zone in which such membership can vote being determined by the membership with the largest energy use within the previous three months of the election being selected as the primary voting membership and the ballot cast in that respective county,” the Bylaws state.

Candidates seeking to be elected to the Board of Directors, in addition to previously stipulated qualifications, must now have the capacity to enter legally binding contracts, and cannot be “a close relative of an employee, incumbent director or director candidate (subject to the following provision) of the Cooperative as defined in SECTION 4.13 of these Bylaws; PROVIDED, said close relative will be eligible to seek a director’s seat if the outcome of the election will not result in close relatives simultaneously holding seats on the Board (e.g. two close relatives running for the same Board seat) and if he/she is nominated by petition as outlined in SECTION 4.06. In the event a person submits a petition and is eligible to become or remain a director, any close relative shall thereafter be ineligible and disqualified to seek to become or remain a director in a different Director Zone. In the event that petitions are received by the Cooperative on the same day from two or more close relatives for a director’s position in different Zones, the petition from the lowest numbered Zone shall be accepted, and any other petitions shall be deemed ineligible and disqualified.” SECTION 4.02 further stipulates that “No person shall be eligible to become a candidate, be elected director, remain a director, or to hold any other position of trust in, the Cooperative who: is compromised in any manner concerning loyalty to the Cooperative or its member/owners, including potential situations where a decision regarding employee interests might impair that loyalty and threaten realization of the basic goal of operating the Cooperative in the best interest of the member/owners; otherwise has any Conflict of Interest that would influence corporate business decisions germane to conducting routine business operations of the Cooperative.”

As amended, the Bylaws now require that the Committee on Nominations has the responsibility of verifying the eligibility of candidates seeking election, including those nominated by the Committee on Nominations as well as those nominated by petition. Should a candidate be disqualified to run for failure to meet the qualifications, an appeal process has been established with the candidate presenting their appeal to the Credentials Committee.

Requirements for nomination as outlined in SECTION 4.06 of the Bylaws are included in a separate article included in the March issue of *The Tennessee Magazine* on page 17. Other

changes to the Bylaws include a requirement that members are responsible for notifying the Cooperative of any change in status of a membership, including contact information, address changes, name changes or changes in the legal status of the member that may affect the member's relationship with the Cooperative as well as an enhancement of SECTION 1.09 which clarifies the member's responsibility in providing easements or rights-of-way, and further stipulating that "Failure to execute and deliver said easement or rights-of-way can result in termination of electric service to member failing to provide same."

A complete set of the Bylaws with all revisions is posted on the DREMC web site: www.dremc.com under the tab "Policies" as well as copies being available in each DREMC office for each member to pick up for personal reference, if desired.