

Bylaw Amendment Ballot Issue #1

Your Empire Electric Association, Inc. (“Empire”) Board of Directors recommend a “YES” vote on this amendment.

Proposed additions to the existing bylaws, including proposed new sections, are in **bold face underlined type**. Proposed deletions are listed in ~~striketrough type~~. Elipses (. . .) indicate text that will remain unchanged in the existing bylaws and that was not repeated to save space.

Refer to enclosed ballot card for voting.

ARTICLE II – MEETINGS OF MEMBERS

Section 3. NOTICE OF MEMBER MEETINGS. Public notice of the time and place of the holding of each meeting shall be published not less than ten (10) nor more than thirty (30) days previous thereto in the newspaper printed in the county where the principal office of the cooperative is located, and if there be no such newspaper printed in the county where the principal office of the cooperative is located, then a newspaper printed in an adjoining county. Written or printed notice stating the place, day and hour of the meeting, and in case of a special meeting, the purpose or purposes for which the meeting is called shall also be delivered not less than thirty (30) days before the date of the meeting, either personally or by mail, by or at the direction of the secretary, or by the person(s) calling the meeting, to each member; ~~and no business shall be transacted at such special meeting except as shall be mentioned in the notice.~~ **All notices shall be accompanied by an agenda listing the business to be transacted at the member meeting, and no business may be transacted at a member meeting, either regular or special, unless it is listed on the agenda, delivered with the notice.** If mailed, such notice shall be deemed to be delivered when deposited in the United States Mail, addressed to the member at their address as it appears on the records of the cooperative, with postage thereon paid. The failure of any member to receive notice of an annual or special meeting of the members shall not invalidate any action which may be taken by the members at any such meeting. The date, time and location for the annual meeting will also be posted on the cooperative's website no less than six (6) months prior to the annual meeting.

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #1

The Board of Directors propose this amendment to clarify the business that may be transacted at a member meeting and ensure that all members are informed as to the topics that will be addressed at a member meeting in advance.

Bylaw Amendment Ballot Issue #2

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE II – MEETINGS OF MEMBERS

Section 5. VOTING. Each member of the cooperative shall be entitled to vote on all issues properly brought before the membership and shall be decided by a vote of a majority of the members voting thereon by mail or in person as provided by law, the articles of incorporation and these bylaws generally as follows:

. . .

- f) If a joint membership is held, such membership shall be entitled to one (1) vote and no more upon each matter submitted to a vote at a meeting of the members. **Only one (1) signature of a joint member shall be required to cast the vote of the joint membership, but a vote shall not be invalidated if the signatures of multiple joint members appear on any ballot presented to cast a vote.**

. . .

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #2

The Board of Directors propose this amendment to clarify that only one joint member must sign the ballot to cast the vote of the joint membership. However, in the event multiple joint members sign the ballot, the board does not want that vote to be invalidated because more than one signature appears and wish to ensure that it is clear that, in the event multiple joint members sign a ballot, the vote will still be counted. The remaining provisions of Art. II, Sec. 5 will be unchanged by this amendment.

Bylaw Amendment Ballot Issue #3

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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Refer to enclosed ballot card for voting.

ARTICLE III – DIRECTORS

Section 2. QUALIFICATIONS AND TENURE. Directors serve for a term of four years and at each annual meeting, there shall be an election to fill the offices of those directors whose terms have expired that year.

To become or remain a director, the director shall:

- a) Be a member of the cooperative **for at least one (1) year immediately prior to becoming a director.**
- b) Be a bona fide resident of the district represented **for at least one-hundred twenty (120) days prior to becoming a director, which means that the person must be a permanent occupant receiving electric service from the cooperative at his or her primary residential abode.**
- c) Be a citizen of the United States of America **and a registered voter in the person’s director district.**

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Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #3

The Board of Directors propose this amendment to ensure that a candidate running for the board will have spent enough time with the cooperative and in the district to be familiar with the members and their concerns in his/her district. The remaining provisions of Art. III, Sec. 2 will be unchanged by this amendment.

Bylaw Amendment Ballot Issue #4

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE III – DIRECTORS

Section 2. QUALIFICATIONS AND TENURE.

. . .

Add the following paragraph after Art. III, Sec. 2(e):

All candidates running for election to the board of directors shall disclose monetary and in-kind contributions to the director’s campaign. The board of directors shall establish a policy setting forth rules for reporting campaign contributions consistent with this provision.

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #4

The Board of Directors propose this amendment to add transparency to the election campaign process and provide a mechanism for candidates to disclose the financial resources used in the candidate’s campaign. If approved, the Board of Directors will establish a policy to implement this Bylaw.

Bylaw Amendment Ballot Issue #5

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE III – DIRECTORS

Section 4. NOMINATION OF DIRECTORS. Any member in good standing with the cooperative is eligible to submit a petition to become a candidate to serve on the board of directors.

. . .

The secretary shall post a list of all qualifying candidates at the principal office of the cooperative at least **one business day after nominating petitions are due**~~forty-five (45)~~ days before the annual meeting.

. . .

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #5

The Board of Directors propose this amendment to allow cooperative staff sufficient time to review nominating petitions and prepare the list of candidates. Previously, staff were required to work overtime to prepare this list and the board believes that the task is important enough to give staff the time that it needs to properly prepare the list during regular business hours. The remaining provisions of Art. III, Sec. 4 will be unchanged by this amendment.

Bylaw Amendment Ballot Issue #6

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE III – DIRECTORS

Section 8. ACCOUNTING SYSTEM AND REPORTS. The board of directors shall cause to be established and maintained a complete accounting system, which, among other things, subject to applicable laws and rules and regulations of any regulatory body, shall conform to such accounting system as may be designated by the **Federal Energy Regulatory Commission Uniform System of Accounts** ~~Administrator of the Rural Utilities Service of the United States of America~~. The board of directors shall also, after the close of each fiscal year, cause to be made by a certified public accountant a full and complete audit of the accounts, books and financial condition of the cooperative. A report of such audit shall be submitted to the members at the following annual meeting.

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #6

The Board of Directors propose this amendment to bring the bylaws into compliance with updated accounting methods. Empire no longer has any outstanding debt with the Rural Utilities Service (RUS), therefore, it follows a different accounting methodology as required by the Federal Energy Regulatory Commission (FERC).

Bylaw Amendment Ballot Issue #7

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE IV – MEETINGS OF DIRECTORS

Section 3. NOTICE. Written notice of the time, place and purpose of any meeting of the board of directors shall be delivered to each board member either personally, ~~or~~ ~~by mail,~~ **or by email or other electronic communication,** by or at the direction of the secretary, or upon a default by the secretary, by the president or the board members calling the meeting. **Notice shall be deemed delivered via mail** ~~If mailed, such notice shall be deemed to be delivered~~ when deposited in the United States Mail addressed to each board member at their address as it appears on the records of the cooperative, with postage thereon prepaid, at least five (5) days before the date of the meeting; **via personal delivery when physically handed to each board member; and via email or other electronic communication when sent to each board member at the electronic address as it appears on the records of the cooperative.**

Notice of the time and place of a meeting of the board of directors and a copy of the agenda for such meeting shall be posted in every service office maintained by the cooperative **and on the cooperative's website** at least ten (10) days before the meeting. The agenda shall specifically designate the issues or questions to be discussed, or the actions to be taken, at the meeting. Copies of said agenda shall be available at each service office for members and consumers. Notwithstanding this paragraph, special meetings are authorized to address emergency situations beyond the control of the board of directors.

Board's statement in favor of passage of Bylaw Amendment Ballot Issue #7

The Board of Directors propose this amendment to bring the bylaws into compliance with current practices and state statutory requirements.

Bylaw Amendment Ballot Issue #8

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE V – OFFICERS

Section 7. BOND OF OFFICERS. The board of directors shall require the treasurer or any other officer of the cooperative charged with responsibility for the custody of any of its funds or property to give bond in such sum and with such surety as the board of directors shall determine. The board of directors in its discretion may also require any other officer, agent or employee of the cooperative to give bond in such amount and with such surety as it shall determine. **The cooperative may obtain insurance in lieu of requiring the posting of a bond under this section.**

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #8

The Board of Directors proposes this amendment to bring the practices of the organization into line with standard business practices. It is impractical for Empire to collect a bond from board members, however, Empire has maintained a practice of obtaining insurance to cover any potential loss, which is sufficient to account for any potential liability.

Bylaw Amendment Ballot Issue #9

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE VII – NON-PROFIT OPERATION

Section 2. PATRONAGE CAPITAL IN CONNECTION WITH FURNISHING ELECTRIC ENERGY. . . .

In the event of dissolution or liquidation of the cooperative, after all outstanding indebtedness of the cooperative shall have been paid, outstanding capital credit shall be retired without priority on a pro-rata basis before any payments are made on account of property rights of members. If at any time, prior to the dissolution or liquidation, the board of directors shall determine that the financial condition of the cooperative will not be impaired thereby, the capital then credited to patrons’ accounts may be retired in full or in part. The board of directors shall reasonably and fairly determine the method, basis, priority and order of retirement, if any, for all amounts heretofore and hereafter furnished as capital. In no event, however, may any such capital be retired unless, after the proposed retirement, the capital of the cooperative shall equal at least the amount required by the **cooperative’s lender(s)** ~~Rural Utilities Service~~ as total assets of the cooperative.

When retirement of capital is made pursuant hereto, the cooperative shall have the right to apply all or any part of the capital to be retired against any outstanding indebtedness of the patron **as a set-off or recoupment**. At any time prior to the retirement of capital under any provision of these bylaws, the board of directors shall have the power to retire capital credited to any patron against any outstanding indebtedness of the patron upon such terms and conditions as the board of directors shall determine in accordance with law and acting under policies of general application; provided, however, that the financial condition of the cooperative will not be impaired thereby.

. . .

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #9

The Board of Directors proposes this amendment to recognize that the cooperative is no longer an RUS borrower and to ensure that Empire can offset past due amounts owed by a member before paying retired capital credits to that member.

Bylaw Amendment Ballot Issue #10

Your Empire Board of Directors recommends a “YES” vote on this amendment.

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ARTICLE XIII – AMENDMENTS

These bylaws may be altered, amended or repealed by a majority of the members voting thereon by mail or at the meeting, provided the notice shall have contained a copy of the proposed alteration or repeal. In order to have a proposed amendment placed on the ballot for consideration at a meeting of the members, **a member may submit the proposed amendment to the board of directors at any meeting of the board of directors. If the board of directors does not advance the proposed bylaw amendment to a vote of the membership, the proposed amendment may be advanced by submitting** a petition setting forth the proposed language for the alteration or repeal, and the signatures of **ten (10)** ~~one and one half (1½)~~ percent of the members, **which** must be filed at the office of the cooperative with the secretary at least forty-five (45) days but not more than ninety (90) days before the meeting at which the members shall vote on the proposed alteration or repeal. The number of members comprising the **ten (10)** ~~one and one half (1½)~~ percent needed for signatures on the petition under this article shall be based on the number of enrolled members as of ninety (90) days before the meeting at which the members shall vote on the proposed alteration or repeal.

When local, state, or federal law is enacted rendering any or all of these bylaws in violation of the law, the board of directors shall be entitled to alter, amend, or repeal any or all of the applicable bylaws without a vote of the membership.

Board’s statement in favor of passage of Bylaw Amendment Ballot Issue #10

The Board of Directors proposes this amendment to clarify the process for bringing proposed bylaws to the members for consideration. The board wants members to understand and be comfortable with the process required to bring an amendment to both the Board’s attention and ultimately to the members for consideration.

In addition, the board proposes this amendment to increase the number of member signatures required to advance a proposed bylaw amendment by petition to ensure that any proposed amendment is supported by an adequate representation of the membership.