

Lyon-Lincoln Electric Cooperative

311 –RULES GOVERNING THE ELECTION OF DIRECTORS

I. OBJECTIVE

To establish and define the rules governing the election of directors.

II. CONTENT

A. Director Election Rules

No candidate for the board of directors, nor an incumbent director, whether a candidate or not, shall intentionally engage in any of the following activities, nor shall any such candidate or director conspire, solicit, or arrange for any member or group of members to engage in such activities.

1. Cast more than one ballot per member;
2. Alter or tamper with a ballot sent to a member;
3. Duplicate a ballot sent to a member;
4. Distribute a ballot to a member by any unauthorized means;
5. Make a false statement that the candidate is supported by another person or organization without having first obtained the written permission from that person or organization;
6. Make a false statement about another candidate or a candidate's position on an issue involving LLEC;
7. Use the term "re-elect" in connection with the election for directors, unless the candidate is an elected incumbent director;
8. Threaten, coerce, restrain, or exercise undue influence over the casting of a ballot by a member;
9. Threaten, coerce, restrain, or exercise undue influence over an employee of LLEC to obtain the assistance of the employee in the candidate's election campaign;
10. Accept a financial contribution or other financial assistance from a person, corporation, or entity that competes directly with the business of LLEC;
11. Disseminate, publish, or circulate any campaign materials, printed or electronic, without a disclaimer of the name and address of the candidate or the candidate's committee responsible for the preparation, dissemination, publication, or circulation of such materials. The disclaimer shall read: "Prepared and paid for by (name and address of candidate or candidate's committee);

12. Disseminate, publish, or circulate any materials or information, whether printed or electronic, that are not factual;
13. Offer any item of monetary value to a member to induce the member to vote for a particular candidate, or on an issue in a particular way;
14. Participate in the administration of an election for directors;
15. Use the LLEC logo or letterhead on any campaign materials; and
16. Place campaign posters or signs on the building where the annual meeting is held.

B. MEMBER ELECTION COMMITTEE

The Board President shall appoint three qualified board members and the cooperative's attorney to serve on the member election committee ("MEC") to handle the responsibilities set forth in Section C. The cooperative attorney will provide legal advice to the committee and act as a non-voting ex-officio member of the committee. Members must be available to meet on short notice and during non-working hours, if necessary, to discharge these responsibilities. Members shall serve one-year terms as determined by the Board President. Members may serve no more than two consecutive one-year terms. LLEC will indemnify all current and past members for all claims brought against them, including reasonable attorneys' fees, in their capacity as members. Members of the committee are required to abstain from any public endorsement or involvement in campaigns.

C. RULE ENFORCEMENT PROCESS

Any member who believes that a candidate or director has violated any director election rule ("Complainant") may file a written complaint ("Complaint") with LLEC at the corporate offices of LLEC, together with any documents in support of the Complaint. The Complainant must also send a copy of the Complaint to the candidate or director against whom the Complaint is made ("Respondent"). The MEC will promptly investigate the Complaint and set a hearing on it as soon as possible.

The Complainant and Respondent shall be entitled to appear at the hearing with counsel and present evidence for and against the charge made in the Complaint. The Complainant shall bear the burden of proof. Promptly after the hearing, the MEC shall determine whether there is clear and convincing evidence that a violation of an election rule was committed. If the MEC determines that a violation was committed, it shall prescribe the penalty to be imposed for the violation, considering the nature and severity of the violation. The penalty must be appropriate to the violation committed.

Penalties may include an order to cease and desist from violating the rule, a reprimand, a censure, a disqualification of the Respondent's candidacy, a recommendation that the director resign or be removed from office, or such other penalty as the MEC determines is appropriate. The MEC shall submit its determination on the Complaint and the penalty to be imposed, if any, in writing promptly to the board of directors. The board of directors shall confirm the determination of the MEC, unless the determination and penalty are clearly erroneous based on the evidence presented.

D. ACKNOWLEDGEMENT OF RULES

All candidates for the board of directors shall sign the following Acknowledgement of the receipt of these rules.

Acknowledgement

I, _____, acknowledge receipt of LLEC's Election Rules and agree to comply with them.

(Signature)

E. MEMBERSHIP LIST AND ANNUAL MEETING REGISTRATION LIST

For election purposes, the computer printout of the membership list, containing member name and address only, will be made available to candidates upon request and pursuant to Board Policy 406, Section D, "Use and Disclosure". To cover the cost of production, there will be a charge of \$50 for one district or \$100 for the total list. In addition, a master printout of the membership list will be available at headquarters for review at no charge.

F. NOMINATING COMMITTEE SELECTION PROCESS

The Board of Directors shall, not less than One Hundred Twenty (120) days before the date of the meeting of the members at which Directors are to be elected, appoint a committee on nomination, which said committee for each said District shall consist of three members who reside in their respective districts. No officer or member of the Board of Directors shall be appointed a member of any such District Nominating Committee.

The Nominating Committee shall be given the attached Expectations of Lyon-Lincoln Electric Cooperative Directors, Director Expectations and Selection Guidelines and Director Questionnaire to assist the Nominating Committee in completing their function of nominating members to serve on the Board of Directors.

The Nominating Committee shall be paid \$125.00 for each day or partial day a committee member attends a meeting of the committee to nominate members to serve on the Board of Directors. The committee members will also receive round trip mileage reimbursement to each day or partial day committee meeting.

The Nominating Committee will be expected to meet at least two times to complete its duties as required by the cooperatives bylaws. Additional meetings will be called by the Cooperative's Board President on an as needed basis.

II. RESPONSIBILITY

The board of directors shall be responsible for ensuring compliance with this policy.

Approved by the Board of Directors _____
President

Adopted: December 20, 2012

Reviewed: 8/24/2015

Expectations of Lyon-Lincoln Electric Cooperative Directors

- Expected to attend regular monthly board meetings (4th Monday of each month)
- Expected to attend district, annual and other special meetings as needed
- Encouraged to attend director seminars or other outside meetings that provide necessary education on matters relating to financing, electric rates, power requirements and legal issues of concern to rural electric members
- Other outside meeting activities may include East River Electric, Minnesota Rural Electric Association, Basin Electric, National Rural Electric Cooperative Association, CFC, CoBank, Cooperative Network or Midwest Electric Consumers Association.
- The elected director provides an important and necessary link between the member-owners and management staff of the cooperative
- The director also serves as an extension of the rights and responsibilities of the cooperative member. Joining with other directors of the cooperative, they try with honesty, consistency, and good conscience to make decisions and set policy for the cooperative which are in the best interest of the cooperative and the members as a whole.
- If you would like a more detailed list of director expectations, please contact the cooperative's office at 800-927-6276.



DIRECTOR EXPECTATIONS AND SELECTION GUIDELINES

Characteristics to Consider When Becoming a Director:

1. Candidates must be members of the cooperative and reside in the district they are nominated from, be in good standing with the cooperative, and not be employed or financially interested in a competing enterprise or a major supplier of the cooperative.
2. Candidates shall not be related to any incumbent director, officer, or employee of the cooperative or spouse of said director officer or employee.
3. Candidates may not have been an employee of Lyon-Lincoln Electric Cooperative, Inc. for less than 3 years from the date of the employees last day of employment.
4. When a membership is held jointly by a husband and wife, either one, but not both, may be elected as a director. However, that neither one shall be eligible to become or remain a director nor to hold a position of trust in the Cooperative unless both shall meet the qualifications set forth in the Cooperative's Articles of Incorporation and Bylaws.
5. No person who has been convicted of a felony is eligible to run for the board of directors.
6. Nominees should be available and willing to serve, if elected. In addition to meeting attendance, nominees should realize that there is a significant time commitment with regard to reviewing materials in preparation for board meetings and educational opportunities.
7. It is expected that nominees will have a reasonable level of financial literacy, including the ability to review and understand financial statements, balance sheets, and income and cash flow statements.
8. Directors are expected to have some knowledge in the use of electronic technology (i.e. computers, smart phones, email and the internet).
9. Nominees must be capable of exercising independent judgment and thinking. In addition, nominees must be capable of exercising a high level of discretion, since much of the material they will have access to is confidential in nature.

10. The position of director is time demanding and includes a number of responsibilities in addition to monthly meetings. Therefore, a director should have the ability to organize information to keep abreast of fast-moving events in the ever changing utility industry.
11. A variety of perspectives, opinions and backgrounds of the directors is critical to the Board's ability to perform its duties and various roles. LLEC seeks candidates with a diversity of professional and personal experience, education and skills in order to enhance the overall composition of the Board.

B. Duty of Care & Loyalty

1. Each Director must have the ability to discharge his or her duties in good faith in the manner the Director reasonably believes to be in the best interest of LLEC and all of its members, and with such care as an ordinarily prudent person would use under similar circumstances.
2. Each Director must also have the ability to act in good faith and in the best interest of LLEC and all of its members, irrespective of the individual interests of the Director or other entities with which a Director is affiliated or sympathetic, or to which a Director owes his or her Board appointment.
3. Each Director should clearly disclose to LLEC and other Directors any actual conflicts of interest or other matters that may constitute even the appearance of a conflict of interest. A conflict of interest exists when a person's private interest (financial or otherwise) interferes, or appears to interfere, with the interests of LLEC. A written disclosure will be made on an annual basis.
4. A Director's access to information about LLEC is accompanied by a duty not to disclose information obtained by the Director in his or her capacity as such to any person (other than is necessary and appropriate in the performance of the Director's duties) or to misuse such information for personal benefit or the benefit of others.

C. Compensation

The LLEC Bylaws provide that the Board of Directors may set a fixed sum to be paid to Directors for attendance at various meetings and functions. The Board may also authorize reimbursement for expenses actually incurred in attendance at Board meetings, or in conducting Board business, or the Board may grant a reasonable per diem allowance in lieu of detailed accounting for expenses.

D. Schedule of Meetings

Regularly scheduled meetings of the Board are held year as follows:

- Every month, generally the 4th Monday of each month, held during the day at the Cooperative's Headquarters in Tyler, MN.
- An annual meeting in June; normally the first Wednesday.
- Annually a budget meeting in December.
- Director will be appointed to various other committees of the Board and will be expected to attend those meetings.
- In addition, there are annual meetings with MREA and East River that each director is asked to attend. Each director is also asked to attend various associated organization's annual meetings along with various director training. These are necessary to be able to be an informed director.

LYON-LINCOLN ELECTRIC CO-OP (LLEC)
DIRECTOR QUESTIONNAIRE

Prospective Board Member Information

Today's Date _____

Name	_____	_____
	<i>First</i>	<i>Last</i>
Contact Info	_____	
	<i>Mailing Address</i>	<i>PO Box</i>
	_____	_____
	<i>City</i>	<i>State</i> <i>ZIP</i>
Home Phone #	_____	Cell # _____
Home Email	_____	
Employer	_____	
Work Email Address	_____	
<input type="checkbox"/> Self Employed	Occupation/Title	_____

How long have you been a member of LLEC: _____

How long have you lived in the LLEC District # : _____

What is your educational background: _____

What relevant business experience will you bring to the Board: _____

List any restrictions that would limit your time to devote to LLEC issues or your presence at monthly Board Meetings: _____

Why might you be interested in becoming a member of the LLEC Board of Directors:

Please list your primary qualifications that make you the best candidate for the LLEC Board: _____

Do you meet the Board Qualifications as outlined on the enclosed LLEC By-Laws: _____

Have you ever been convicted of a felony: _____

Some Board communications are completed by e-mail. Do you have any limitations related to e-mail: _____

Please list any other relevant items that you feel are important for the Nominating Committee to know about: _____

Acknowledgement

I, _____, acknowledge receipt of
(Print Name)

LLEC's Election Rules and agree to comply with them.

(Signature)