

PROPOSED BYLAW AMENDMENT
Proposed additions are underlined.

Article IV, Directors, Section 2 – Qualifications and Tenure

Section 2. Qualifications and Tenure. At each annual meeting to which ballots are returned, directors shall be elected for three-year staggered terms, with at least three to be elected each year. Directors shall also be separately elected to fill designated seats for any one-year or two-year terms as may be required to fill any unexpired terms created by virtue of a vacancy or temporary appointment made pursuant to Section 5 of this Article. All board members shall serve until their successors shall have been elected and shall have qualified. Directors shall not be eligible for reelection if they would have served fifteen (15) or more years of consecutive service as a Director on the last day of the month of the meeting to which ballots are returned; provided however, that after a lapse of eleven months following the expiration of his/her final term, a former director may be eligible for reelection.

No member who lacks the capacity to enter legally binding contracts under New Hampshire law or has been convicted of a felony under any state or federal law shall be eligible to become or remain a director. No member who, during the twelve (12) months preceding nomination or appointment or at any time during incumbency, becomes delinquent in the payments owed to the Cooperative or refuses to fulfill any other membership obligation shall be eligible to become or remain a director. No member employed by the Cooperative shall be eligible to become or remain a director. No member formerly employed by the Cooperative shall be eligible to become or remain a director during a period of three (3) years following termination of that member's employment from the Cooperative. No member shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who is in any way employed by or is to a significant degree financially interested in a competing enterprise or a business selling electric energy, electrical supplies, or other similar goods and/or services to the Cooperative. When a membership is held jointly, either member, but not both, may be elected a director; provided, however, that neither one shall be eligible to become or remain a director or to hold a position of trust in the Cooperative unless both shall meet the qualifications hereinabove set forth. Nothing in this section contained shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

If the Board of Directors determines, by a vote of at least two-thirds (2/3) of all members of the Board of Directors, taken at a special meeting of the Board of Directors, that a director or a nominee for director does not meet the qualifications under Section 2 of this Article, such director or nominee shall be immediately disqualified without further action required. The director removal provisions of Section 4 of this Article shall not apply to director disqualifications. A director or nominee subject to a disqualification vote shall be given advance notice of, and an opportunity to make a statement at, the special meeting. A director subject to a disqualification vote shall not vote at the special meeting. Disqualified directors shall immediately lose all authorities, rights, and privileges as directors. Disqualified nominees shall be excluded from the ballot. If a nominee disqualification occurs after it is no longer practical to exclude or remove the disqualified nominee's name from the ballot, the election will proceed according to schedule and no vote cast for the disqualified nominee shall be counted in determining the results of the election.

Section 4. Removal of Directors. Action to remove a director may be initiated by the Board of Directors on its motion. Further, any member may initiate action for removal of a director by filing charges in writing with the secretary, together with a petition signed by ten per centum (10%) of the members, requesting the removal of the director in question. Removal shall be by mail ballot at the next annual meeting unless such action is initiated more than one hundred eighty (180) days prior to said annual meeting, in which case the secretary shall call a special meeting for this purpose. The director against whom such charges have been brought shall be informed in writing of the charges prior to the mail vote and shall have an opportunity to submit a written statement (of no more than 750 words) in his/her defense which shall accompany the mail ballot by which removal shall be voted upon; the person or persons bringing the charges against said director shall have the same opportunity.

Statement from Board of Directors

The proposed amendment provides a procedure for enforcing the existing director qualification requirements of Article IV. This amendment is a product of NHEC's periodic review of its bylaws and policies intended to keep its governance documents up-to-date and in line with industry best practices. Director and nominee disqualification provisions, like those in this proposed amendment, have been recently identified as best practices by the National Rural Electric Cooperative Association (NRECA) Governance Task Force. The board of directors supports the adoption of this proposed amendment.