

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 of the powers of the Cooperative except such as are by law, the Articles of Incorporation or these Bylaws, conferred upon or reserved to the members.

SECTION 2. ELECTION AND TENURE OF OFFICE

The Board of Directors shall be composed of seven members who shall represent the following seven (7) districts into which the Cooperative is divided:

Challis District (Corporate City Limits), Clayton District (Bradshaw Bridge to and including Yankee Fork), Pahsimeroi Districts (Peterson Lane used as direct north to south line crossing the valley) - (#1) Ellis to the west side of Peterson Lane and (#2) East side of Peterson Lane to the head of the Pahsimeroi Valley, Round Valley District (South side of Clinic Road/Wilson Lane to the Bradshaw Bridge), Salmon River District (North side of Clinic Road/Wilson Lane to Allison Creek, excluding the confines of the Pahsimeroi Valley as defined by the east side of Highway 93), and Stanley District (Above Yankee Fork). Each said district shall be represented on the Board of Directors by the following number of directors:

Challis District - 1 Director
Clayton District - 1 Director
Pahsimeroi District #1 - 1 Director
Pahsimeroi District #2 - 1 Director
Round Valley District - 1 Director
Salmon River District - 1 Director
Stanley District - 1 Director

The Board of Directors shall be divided into three groups, each of which shall serve for a three year term from the date of their election, or until their successors shall have been elected and qualified.

GROUP I - Round Valley, Clayton and Pahsimeroi #2 Districts
GROUP II - Challis and Salmon River Districts
GROUP III - Pahsimeroi #1 and Stanley Districts

If an election of Directors shall not be held on the day designated for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be called, within a reasonable time thereafter, for the purpose of electing directors. Election shall be by ballot vote. A plurality shall elect.

SECTION 3. QUALIFICATIONS.

To be eligible to become or remain a director in the Cooperative, a member shall:

- A. At the time of nomination and at all times thereafter, reside within the district for which he or she is being nominated and elected and be receiving electric service from the Cooperative at one or more points of delivery within such district. In no event may a director or director candidate declare more than one place of residence thus allowing he or she to run concurrently for election for more than one district; and
- B. Not in any way be employed or financially interested in a competing enterprise or a business selling electric energy or materials to the Cooperative; and
- C. Not be an entity.

Upon establishment of the fact that a director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such director from office. Nothing in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Directors are encouraged to become a credentialed cooperative director.

SECTION 4. NOMINATIONS.

Not less than ninety (90) days nor more than one hundred twenty (120) days before the date of a meeting of the members at which directors are to be elected, the Board of Directors shall appoint a nominations committee consisting of not less than seven (7) nor more than fourteen (14) members who shall be selected from the seven (7) districts so as to ensure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post, at least seventy (70) days before the meeting, a list of nominees for directors. This list shall be posted at the principal office of the Cooperative.

Any fifteen (15) or more members acting together may make other nominations by petition not less than sixty (60) days prior to the meeting and the Secretary shall post such nominations at the same place where the list of nominations made by the committee is posted. The Secretary shall mail with the notice of the meeting or separately, but at least twenty (20) days before the date of the meeting, a statement of the number of directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition, if any. The chairman shall call for additional nominations from the floor and nominations shall not be closed until a reasonable time has passed. No member may nominate more than one candidate from each district either by petition or from the floor.

SECTION 5. DIRECTOR RESIGNATION.

A Director may resign at any time by delivering written notice of resignation to the Board President or Secretary. Unless the written notice of resignation specifies a later effective date, a director's resignation is effective upon the Board President or Secretary receiving the written notice of resignation.

SECTION 6. REMOVAL OF DIRECTORS BY MEMBERS.

Each director must represent the total membership of the Cooperative on an impartial basis without regard to personal gain or loss.

Any member may request the removal of a director by filing with the Secretary a petition stating the reason(s) and signed by at least ten percent of the total membership. Such director shall be informed in writing of the petition at least ten days prior to the meeting of the members at which the petition for removal 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 opposition to the petition. The person or persons submitting the petition against him/her shall have the same opportunity. The question of the removal of such director shall be considered and voted upon at either a general or special meeting of the members. It shall require the affirmative vote of two-thirds (2/3) of the members voting thereon in person, or by proxy at a meeting where a quorum is present to remove a director. Any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions regarding the nominating committee and nominating petitions.

SECTION 7. VACANCIES.

Any vacancy occurring in the Board of Directors, other than removal by the members, shall be filled by the affirmative vote of a majority of the remaining directors for the unexpired portion of the term.

SECTION 8. COMPENSATION.

Directors as such shall not receive any salary for their services, but by resolution of the Board of Directors, a fixed sum and expenses shall be set for attendance at meetings of the Board of Directors, at Statewide and NRECA meetings, and at other meetings beneficial to the interests of the Cooperative. The Cooperative may provide insurance and benefits for board members. Except in emergencies, no directors shall receive compensation for serving the Cooperative in any other capacity.

The Directors shall cause to be published and incorporated as part of the "summary of the financial condition" as provided for by Article XI Section 2, a separate financial section itemizing the annual costs of all benefits provided by the Cooperative to the directors.

SECTION 9. OATH OF OFFICE

Each director shall be given an oath of office which shall include pledging to uphold State and Federal law, and the Articles, Bylaws, rules, regulations and policies of the Cooperative. A notarized copy of the oath shall reside on file at the office of the Cooperative.