



## Director Election Instructions

The following checklist is designed to assist director candidates with the director election process and procedures at Heartland Rural Electric Cooperative.

### Checklist:

- 1. Review Policy #432 – Qualifications for Eligibility to Serve on the Board of Directors.**  
This board policy defines the qualifications necessary for election or appointment to, and service on, the Cooperative's Board of Directors. The policy also establishes the procedures for implementing the policy.
- 2. Complete the Affirmation of Director Qualification form.**  
This form includes a list of questions to ensure that the member is eligible to be a candidate for Director and to remain a Director if elected. **Candidates must complete the form and return it to the co-op's Girard office no later than 5 p.m. on February 6, 2012.**
- 3. Complete the Personal Profile Information form.**  
Profile information will be used to inform the general membership of candidates seeking election to the Board of Directors. If the form is not submitted, or partially completed, information on the candidate provided with the election ballot will be limited. Candidates may complete the form and return it to the co-op's Girard office with the Affirmation of Director Qualification form.
- 4. Review the District Map**  
Candidates seeking election to the Board of Directors will be provided a map of the district in which they reside. Members seeking election to the board may request petition endorsements only from Heartland members with electric service in the district in which the candidate resides.
- 5. Complete the Official Petition for Director Nomination form**  
Candidates seeking election must submit a petition containing at least 25 member signatures from the district in which they reside. If memberships are jointly held, only one may sign the petition. In the case of non-natural person memberships, a letter from the executive officer or owner of the entity must accompany the signature granting permission to the designated representative to sign the petition on behalf of the entity. We strongly encourage you to submit the completed nominating petition as early as possible before the final deadline in case additional signatures need to be obtained. Candidates shall designate a teller of their choice to serve on the Election Committee. **Candidates must complete the petition and return it to the co-op's Girard office no later than 5 p.m. on February 6, 2012.**

### **Documents included in this packet:**

- 1. Notice of Director Elections
- 2. Policy #432 – Qualifications for Eligibility to Serve on the Board of Directors
- 3. Affirmation of Director Qualification form
- 4. Personal Profile Information form
- 5. District Map
- 6. Official Petition for Director Nomination Form
- 7. Article IV – Board of Directors from Heartland Bylaws



## **Notice of Director Elections**

Heartland Rural Electric Cooperative will soon be accepting nominations for four seats on the Heartland Rural Electric Cooperative Board of Directors.

Heartland REC's coverage area is divided into four districts and individuals who wish to run for a director's seat need to be active members of the cooperative and bona fide residents of the district they wish to represent. Packets of information for those seeking to be candidates for the Board of Director Election will be available at Heartland's Girard, Gas and Mound City offices starting on Thursday, January 12, 2012. Potential candidates need to be nominated by written petitions signed by at least 25 Heartland REC members who are residents of the district to be represented. Potential candidates will also need to complete and return the Affirmation of Director Qualification form that is also included in the election packet. Signed petitions and the Affirmation of Director Qualification must be filed at the Heartland REC office in Girard, Kan. by 5 p.m. on Monday, Feb. 6, 2012.

If more than two qualified members from a district seek election, Heartland REC will hold a primary election to narrow the field to two candidates. Primary ballots would be mailed to members in the district on Thursday, Feb. 16 and would need to be returned by 5 p.m. Monday, Feb. 27. Ballots for the regular election will be mailed to members of the district on Monday, March 12, and will need to be returned by 5 p.m. Monday, March 26. Election results will be announced at the Heartland REC Annual Meeting, which will be held Tuesday, March 27, in Fort Scott, Kan.

If no contest is created and only a single nominee from the district seeks an open seat, the nominee will automatically be assigned membership on the Heartland REC Board of Directors and no election will be held.

Each Heartland REC member who files a nominating position to become a candidate for director will also need to designate a teller to serve on the Election Committee, which is responsible for counting ballots. Members of the Heartland REC Board of Directors serve three-year terms and are expected to attend regular meetings (which are currently held monthly in Girard) and any special meetings held as needed. Members of the Heartland REC board receive no salary for their services. A member of the HREC Board of Directors cannot be an employee of the cooperative or financially interested in a competing or similar enterprise. Nominees also cannot be closely related to a Heartland REC employee or current member of the Board of Directors. Additional details about the election process and director qualifications are included in the Heartland REC bylaws, which are available at our offices in Girard, Gas and Mound City.

Election paperwork and copies of the HREC Bylaws will also be available at the cooperative's web site, [www.heartland-rec.com](http://www.heartland-rec.com)

### **Important Dates:**

January 12, 2012 – Petition and Affirmation of Director Qualification forms available at Heartland's offices in Girard, Gas and Mound City.

February 6, 2012 – Petitions and Affirmation of Director Qualification forms must be filed at Heartland's main office in Girard by 5 p.m.

March 12, 2012 – Director election ballots will be mailed to the members.

March 26, 2012 – Ballots must be received at Heartland's main office in Girard by 5 p.m. on the day before the Annual Meeting.

# **HEARTLAND RURAL ELECTRIC COOPERATIVE, INC.**

Board Policy No. 432

## **QUALIFICATIONS FOR ELIGIBILITY TO SERVE ON THE BOARD OF DIRECTORS**

### **I. PURPOSE**

The purpose of this policy is to publish the qualifications for election or appointment to, and service on, the Cooperative's Board of Directors and to establish necessary procedures, including an affirmation form.

### **II. POLICY**

Certain qualifications are required by law and the Cooperative's Bylaws to become and remain a Director of the Cooperative. It is the responsibility of the Board of Directors to ensure that those qualifications are met. If the Board of Directors should determine that an incumbent Director, nominee, or potential appointee to the Board of Directors lacks or has lost any of the necessary qualifications, it is the duty of the Board of Directors to remove such incumbent or to declare such nominee or potential appointee ineligible for election or appointment.

### **III. PROVISIONS**

#### **A. General Requirements**

Any person, to become and remain a Director of the Cooperative, shall, among other things:

1. Comply with applicable requirements of law, the Cooperative's Articles of Incorporation and Bylaws, the Cooperative's duly adopted policies, and the Cooperative's duly made decisions;
2. Assume a fiduciary duty to act, in good faith, in the best interests of the Cooperative and its members;
3. Be loyal to the Cooperative and not have conflicting commercial or personal interests;
4. Be possessed of the minimum knowledge and skills necessary to manage the affairs of the Cooperative;

5. Be willing to devote such time and effort to the duties of a Director as may be necessary to manage the Cooperative's affairs;
6. Be able to represent the entire membership on an impartial basis;
7. Be willing and able to attend regularly scheduled and special meetings of the Board of Directors; national, state, and other meetings of organizations with associated interests that further the Cooperative movement; training institutes or seminars which will aid in keeping him/her well informed on matters affecting the Cooperative; and
8. Not use, or cause to be used his/her position as Director to further any political or business ambition.

B. Service as a Director includes the following responsibilities:

1. To put forth effort to understand the Cooperative's problems and to provide the judgment needed to reach decisions in constantly changing circumstances.
2. To support all official decisions and actions made or taken by a majority of the Board.
3. To conscientiously study the information contained in reports submitted to the Board.
4. To contribute to the development of statements on functions and responsibilities of Board members and to work toward their constant improvement.
5. To objectively evaluate and consider the questions and problems with which the Cooperative is faced.
6. To keep informed as to the ideals and objectives of the Cooperative and to further study and analyze the policies, plans, and problems which result from efforts to achieve such ideals and objectives.
7. To keep informed on, alert to, and aware of the attitudes of the members, the employees, and general public toward the Cooperative's objectives and policies.
8. To inform all interested persons about the Cooperative's ideals, objectives, programs, and services.

9. To conduct himself/herself in the eyes of the general public in such a manner as will reflect credit to the Cooperative and personify the position of trust held by the Director, including refraining from such conduct which would subject the Director to indictment for a felony or crime of moral turpitude or from conduct representing disregard of the standard of behavior which the members can rightfully expect from a Director.

C. Bylaw Requirements

Any natural person shall be eligible to be nominated, elected and remain a director of the Cooperative who:

1. Is a member and bona fide resident in the particular district which the member is to represent;
2. Is not an employee of the Cooperative or in any way financially interested in a competing enterprise or a business engaged in selling energy, energy services or energy supplies or maintaining energy producing or selling facilities. However, the Board may grant exceptions for "de minimus" competing enterprises.
3. Is not closely related to an incumbent director or an employee of the Cooperative. The term "closely related" means the relationship of father, mother, brother, sister, son and daughter existing by reason of blood, marriage or adoption.

D. Upon the establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, it shall immediately become incumbent upon the Board of Directors to remove such Director from office.

E. Procedure for Policy Implementation

This policy shall be implemented as follows:

1. The Cooperative shall furnish each member seeking nomination a copy of this policy and an Affirmation of Director Qualification form to ensure that the nominee is qualified in accordance with this policy.
2. The Board of Directors, in filling any vacancies occurring on the Board of Directors, shall ensure that a proposed Director is qualified to be appointed and is apprised of this policy before appointment.

3. All persons nominated or being considered for appointment as Directors shall, prior to election or appointment, read this policy and execute the Affirmation of Director Qualification form.

#### IV. RESPONSIBILITY

The Board of Directors is responsible for the enforcement of this policy.

APPROVED BY THE BOARD OF DIRECTORS

---

PRESIDENT

EFFECTIVE DATE: \_\_\_\_\_

REVISED DATE: \_\_\_\_\_



## AFFIRMATION OF DIRECTOR QUALIFICATION

The information you provide on this form is used to determine that you meet the qualifications to become and remain a Director of the Cooperative. Certain specific qualifications to be eligible to become and remain a Director are set forth in the Cooperative Bylaws. In addition, statutory and common law imposes certain duties upon Directors. The following questions are designed to ensure that you are eligible to be a candidate for Director and to remain a Director if elected or appointed. False or misleading statements made on this form are grounds for removing your name from the election process or, if discovered after election or appointment, removing you from office.

1. Full Name: \_\_\_\_\_

2. Address of Primary Residence: \_\_\_\_\_

\_\_\_\_\_

3. Are you a member of the Cooperative?

Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you receive electric service from the Cooperative at the above residence?

Yes \_\_\_\_\_ No \_\_\_\_\_

5. A Director is responsible for, and must actively participate in, the management of the business and affairs of the Cooperative. The Board of Directors of the Cooperative is quite active. It is anticipated that, on an annual basis, you will spend approximately 12 to 20 days at meetings of the Board of Directors, the Members, committees, and other bodies. The Board meets regularly on the fourth Monday of every month at 8:30 a.m. and normally concludes by noon. Are you able to commit that amount of time to be actively involved in the affairs of the Cooperative?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Are you employed by, or financially interested in a company which competes with the Cooperative, sells energy or supplies to the Cooperative, or its primary business is selling electrical or plumbing appliances, fixtures, or supplies to the members of the Cooperative?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please explain. \_\_\_\_\_

\_\_\_\_\_

7. A Director has a duty of loyalty to the Cooperative and a fiduciary duty to act in the best interests of the Cooperative and its members, as the Director reasonably believes to be best under the circumstances. In connection with those duties, please answer the following questions.

Will you be able to act in the best interests of the Cooperative even though the act may conflict with your personal interest?

Yes\_\_\_\_\_ No\_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_

Do you have a commitment of loyalty to another commercial enterprise that may conflict with the best interests of the Cooperative?

Yes\_\_\_\_\_ No\_\_\_\_\_

Comments: \_\_\_\_\_  
\_\_\_\_\_

8. Are you a relative of any Cooperative employee or Director?

Yes\_\_\_\_\_ No\_\_\_\_\_

9. If your answer to Question No. 8 is "Yes," what is that relationship?

\_\_\_\_\_

### **AFFIRMATION AND RELEASE**

I have read the Cooperative's Board Policy #432 – Qualifications for Eligibility to Serve on the Board of Directors and all attachments thereto. The answers given by me to the foregoing questions and the statements made by me herein are complete and true to the best of my knowledge and belief. I understand that any false information, omissions or misrepresentation of facts in this document may result in the removal of my name from the election process, or if discovered after election or appointment, may result in my removal from office. I authorize the company and/or its agents to verify this information.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

# PERSONAL PROFILE INFORMATION

Name of Candidate: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_

Home Phone: \_\_\_\_\_ Cell Phone: \_\_\_\_\_ Email: \_\_\_\_\_

Marital Status: \_\_\_\_\_ Spouse's Name: \_\_\_\_\_

Occupation: \_\_\_\_\_ Place of Employment: \_\_\_\_\_

Number of years as Heartland member: \_\_\_\_\_

Community Activities & Memberships: \_\_\_\_\_

---

---

---

Hobbies & Interests: \_\_\_\_\_

---

---

---

Please answer the following questions:

1. What do you believe are the challenges affecting the electric utility industry?

---

---

---

---

2. What can Heartland Rural Electric Cooperative do to manage these challenges?

---

---

---

---

3. What vision do you have for the future of Heartland?

---

---

---

---

4. Why are you interested in serving as a member of the Board of Directors of Heartland?

---

---

---

---

5. Why do you feel that you are qualified to serve as a member of the Board of Directors of Heartland Rural Electric Cooperative?

---

---

---

---

Signed: \_\_\_\_\_ Date: \_\_\_\_\_

With your signature, you authorize Heartland to publish this information and a photograph in association with director elections.

Please include a recent head and shoulders photograph with this information.





# Article IV

## Board of Directors

### from the Heartland Rural Electric Cooperative Bylaws

**SECTION 4.01 General Powers.** The business and affairs of the Cooperative shall be directed by a Board of eight Directors, which shall exercise all the powers of the Cooperative, except those that are by law, the Articles of Incorporation, or these bylaws, conferred upon or reserved to the members. For purposes of these bylaws, reference to a “Director” or “Directors” shall be deemed to be references to “Trustee” or “Trustees”, as the case may be, within the meaning of K.S.A. 17-4612 of the Kansas Electric Cooperative Act.

**SECTION 4.02 Election and Tenure of Office.** Directors shall be elected from each district described in section 4.04 for a term of three years as terms of office expire or until successors shall have been elected and qualified. Directors shall be elected by the members of the district they reside in prior to each annual meeting of the members. Elections shall be conducted by written ballot mailed to each member and returned by mail to the Cooperative, PROVIDED, there is only one nominee for a particular Director District or position, no mail ballot will be conducted as specified in Article IV, Section 4.05 C.

**SECTION 4.03 Qualifications to be Nominated, Elected and Remain a Director.** Any natural person shall be eligible to be nominated, elected and remain a director of the Cooperative who:

- (1) Is a member and bona fide resident in the particular district which the member is to represent.
- (2) Is not an employee of the Cooperative or in any way financially interested in a competing enterprise or a business engaged in selling energy, energy services or energy supplies or maintaining energy producing or selling facilities. However, the Board may grant exceptions for “de minimus” competing enterprises.
- (3) Is not closely related to an incumbent director or an employee of the Cooperative. The term “closely related” means the relationship of father, mother, brother, sister, son and daughter existing by reason of blood, marriage or adoption.

Upon establishment of the fact that a director is holding the office in violation of any of the foregoing provisions, the Board shall remove the director from office.

Nothing contained in this section shall affect the validity of any action taken at any meeting of the Board.

**SECTION 4.04 Districts.** The territory served by the Cooperative shall be divided into four director districts. Each district shall be represented by two directors. The director districts shall be as shown on large-scale maps located and available for inspection by any member upon reasonable request during normal business hours at the main office of the Cooperative and any other office regularly maintained by the Cooperative. A description of the director districts by county and township shall be made available to any member upon request. The Board of Directors shall review the composition of the districts in years evenly divisible by five. If the Board determines that a substantial imbalance of membership has developed which can be corrected by a redefinition of the districts, the Board shall redefine the boundaries of the districts to correct the substantial imbalance that has developed.

Notwithstanding any provision of this section, a violation of such

districting or redistricting provision shall not invalidate or in any way affect or impair the validity of any corporate action.

**SECTION 4.05 Nomination and Election of Directors.** Prior to the annual meeting of the members, an election, by mail ballot, shall be held for director districts in which a term of office expires for the purpose of electing a director from those districts. Not less than seventy-five (75) days prior to the annual meeting, the Cooperative shall cause a notice of such election to be delivered to members within those districts stating the nominating procedures and date of said election.

A. Nominations: A nomination for director from a particular district may be made only by written petition, signed by not less than twenty-five (25) members who are residents of the particular district, PROVIDED, that any incumbent director, by submitting written notice to seek reelection, shall automatically be nominated. The nominating petition may nominate for director any member residing in the particular district who possesses the qualifications for director specified in Article IV, Section 4.03 and who has affirmed his qualification to serve as director by signing the “Affirmation of Director Qualification” form. Nominating Petition and Affirmation of Director Qualification forms shall be available at the Cooperative offices not more than seventy-five (75) days prior to the annual meeting. The petition shall be filed at the main office of the Cooperative not later than Five (5:00) P.M. on the fiftieth (50th) day prior to the annual meeting. All nominating petitions that are not filed at the main office of the Cooperative on or before Five (5:00) P.M. on the fiftieth (50th) day prior to the annual meeting shall expire automatically. The Secretary shall verify the signatures contained in the petitions and shall post not less than forty-five (45) days prior to the annual meeting, at all offices of the Cooperative, a list of the names of all qualified members nominated from each district. A member may sign more than one nominating petition.

If two (2) or fewer qualified members from a particular district either timely file a petition, or in the case of an incumbent director seeking reelection, submit in writing such intent, then each shall be declared an official candidate for the position of director from the particular district and shall stand for election under Article IV, Section 4.05 C.

B. Primary Election: If more than two (2) qualified members from a particular district either timely file petitions, or in the case of an incumbent director seeking reelection, submit in writing such intent, a primary election between those qualified members shall be held to select two (2) official candidates to stand for election under Article IV, Section 4.05 C. The primary election shall be conducted by mail ballot. Not less than forty (40) days prior to the annual meeting, the Cooperative shall mail to each member residing in the particular district a ballot containing all the names of those qualified members seeking to become official candidates. The names shall be arranged in alphabetical order except that an incumbent shall have his name listed first. The ballot shall provide that a member of the particular district may vote for only one of the qualified members listed on the ballot, and that in order to be counted, the ballot must be received at the main office of the Cooperative by Five (5:00) P.M. on the twenty-ninth (29th) day prior to the annual meeting. The Election Committee shall count the ballots and the

two qualified members receiving the highest number of votes shall be declared the official candidates from the particular district and shall stand for election under Article IV, Section 4.05 C. In the event that two qualified members receive the same number of votes in a primary election, the tie vote shall be resolved by lot. Immediately after the results of the primary election are determined, the Secretary shall post, at all offices of the Cooperative, a revised list of the names of the official candidates nominated from each district.

C. Election of Directors: Not less than fifteen (15) days before the annual meeting of the members, the Cooperative shall mail to each member a Notice of Election with a list of the official candidates, along with a ballot for the particular district. The election shall be conducted by mail ballot and directors shall be elected by the members of the particular district from which they have been nominated. The Cooperative shall mail to each member residing in each particular district a ballot containing the names of the official candidates. The names on the ballot shall be arranged in alphabetical order except that an incumbent shall have his name listed first. The ballot shall provide that a member of the particular district may vote for only one of the official candidates listed on the ballot, and that in order to be counted, the ballot must be received at the main office of the Cooperative by Five (5:00) P.M. on the day before the annual meeting. The Election Committee shall count the ballots and the candidate from each district receiving the highest number of votes shall be declared elected as director. In the event that two (2) candidates for election to the office of director in any particular district receive the same number of votes, the tie vote shall be resolved by lot. At the annual meeting of the members, the Secretary shall announce to the members the names of the persons elected as directors and the district from which each director is elected.

In the event that no nominating petitions have been properly made and timely filed, the vacancies occurring shall be filled in accordance with Article IV, Section 4.07 hereof. In the event that no contest has been created by nominating petitions properly made and timely filed and the election of the sole nominee is assured because no other nominations can be made, then in order to save unnecessary expense, the election of director shall automatically be dispensed with and the sole nominee shall be deemed elected.

D. Election Committee: Each qualifying member who files a nominating petition to become a candidate for director shall designate a teller. Together, all designated tellers, along with a Chairperson appointed by the Board of Directors, shall comprise the Election Committee. It shall be the responsibility of the Committee to count all ballots cast in any election and to rule upon the effect of any ballots irregularly or indecisively marked or cast. In the exercise of its responsibility, the Committee shall have available to it the advice of counsel provided by the Cooperative. The Committee's decision (as reflected by a majority of those actually present and voting) shall be final.

In the event a protest or objection is filed concerning any election, such protest or objection must be filed in writing at the main office of the Cooperative within three (3) business days following the adjournment of the annual meeting in which the result of the voting is announced. The Board of Directors shall thereupon commence a meeting not less than seven (7) days after such protest or objection is filed. The Board shall hear such evidence as is presented by the protester(s), who may be heard in person, by counsel, or both, and any opposing evidence; and the Board by a vote of a majority of those present and voting, shall, within a reasonable time but not later than thirty (30) days after such hearing render its decision, the results of which may be to affirm the election, to change the outcome thereof, or to set it aside. The Board of Director's deci-

sion (as reflected by a majority of those actually present and voting) shall be final.

Failure to comply with the provisions of this section shall not affect the validity of any election of directors.

**SECTION 4.06 Removal of Directors by Members and Resignations.** Members may request the removal of a director by filing a petition stating the reasons, and signed by at least ten percent of the members. The director shall be given written notice of the reasons listed on the petition at least ten days prior to the meeting of the members at which the removal is to be considered, and shall have an opportunity at the meeting to be heard in person or by counsel, and the person requesting the removal shall have the same opportunity. The question of removal of such director shall be considered and voted upon at the meeting of the members, and any vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the foregoing provisions with respect to nominations.

A director may resign at any time by written notice delivered to the Board, President, or Secretary of the Cooperative. A resignation is effective when the notice is delivered unless it specifies a future date.

**SECTION 4.07 Vacancies.** Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of directors by the members, a vacancy occurring in the Board shall be filled by the affirmative vote of a majority of the remaining directors until the next annual meeting of the members. At the next annual meeting of the members a successor shall be elected by the members to fill the remaining unexpired portion of the term.

**SECTION 4.08 Reduction to Eight Members.** It shall be the goal of the Cooperative to reduce the board membership from twelve directors to eight directors through attrition of directors serving on January 1, 2010. During the transition, a director district may have more directors than specified in Section 4.04 if an incumbent director in that district has held office since January 1, 2010. If a director district has no directors who were holding office effective January 1, 2010, and that district has more directors than specified in Section 4.04, then the two director positions whose terms will expire soonest will run for a single position at the next annual meeting to establish district representation as specified in Section 4.04.

In the event there is not at least two director elections each year, director terms in each district shall be realigned by action of the Board of Directors to establish at least two director elections each year.

**SECTION 4.09 Compensation.** Members of the Board shall not receive any salary for their services as such, however, the Board may by resolution provide reasonable compensation to be paid to each director for services rendered on behalf of the Cooperative as a director, such as attendance at meetings, conferences and training programs or performing committee assignments. The Board may also authorize reimbursement of directors or committee members for expenses actually and necessarily incurred in carrying out such Cooperative business, or grant a reasonable per diem allowance in lieu of detailed accounting for such expenses. A director may also receive compensation for services rendered as an officer of the Cooperative, but no director shall receive compensation for serving the Cooperative in any other capacity, except in emergency.