

Member Consideration of Proposed Bylaw Changes

EnerStar Electric Cooperative
Annual Meeting of Members - June 1, 2024



Proposed Bylaw Change ARTICLE IV – Section 7

Explanation:

As a democratically controlled not-for-profit cooperative, all active members are strongly encouraged to consider running for a seat on the Board of Directors. While there have been more contested elections in recent years, there are also times when a candidate runs unopposed, resulting in an uncontested election. In such cases, the proposed language allows the election process to be simplified when uncontested, saving the cooperative the cost of preparing and mailing unnecessary ballots. In such an event, the candidate will be elected based on the acclamation of the members attending the annual meeting or as the Board otherwise directs.

Proposed Change:

Section 7. Elections. The members of the Board of Directors shall be elected by a vote of the active members of the Cooperative. The vote may be at a meeting of the members or by ballot by mail, by electronic voting, or by a combination of two or more in person voting at the meeting of the members, ballot by mail, or electronic voting. Notwithstanding the foregoing, if a candidate for any Voting District is running unopposed, then written or electronic balloting shall be dispensed with, and the candidate shall be elected subject to acclamation of the members at the annual meeting, after a properly made motion and vote to elect the candidate. If the election date is not held in conjunction with the annual meeting, then any such motion and vote can be made in such manner as the Board may direct. If the Board of Directors determines that the election of directors for any year shall be conducted in whole or in part by ballot by mail or electronically, the Board shall give notice of such determination when giving notice of the annual meeting of the members and shall fix a date for the return of ballots, designating the deadline for the return of ballots as the election date. The Secretary shall mail with the notice of annual meeting, ~~the a~~ statement including ~~of~~ the number of Directors to be elected, a biographical sketch of ~~the~~ each director candidate, and if the candidate is running unopposed. Along with the statement, the secretary will mail a ballot (unless the candidate is running unopposed), and if the election is to be conducted in whole or in part by mail or electronic mail, notice of the Board's determination to so conduct the election and the Board's determination of the election date. Each member shall receive a ballot for the Director to be elected in his/her Voting District, unless the candidate for the director is running unopposed. a ballot, and, if the election of directors is to be conducted in whole or in part by mail or electronic mail, notice of the Board's determination to so conduct the election and the Board's

~~determination of the election date. Each member shall receive a ballot for the Director to be elected in his/her Voting District.~~ Ballots may be returned to the Cooperative headquarters by United States mail or electronic mail, where permitted by the Board or, where the vote is to be held at the meeting of the members, the ballot may be brought to the meeting at which the election is held. ~~Members will only vote for the Director to be elected from their Voting District; therefore, each member shall vote for one (1) Director annually.~~

When ballots are provided for a contested election, members will only vote for the Director to be elected from their Voting District, with each member having only one (1) vote. In the event of a tie between candidates receiving the highest number of votes in a Voting District, the winner shall be determined by the drawing of lots in a manner that provides each candidate an equal chance of being selected, immediately after balloting has been completed and in advance of the reorganization meeting of the Board.

For any contested vote that is conducted pursuant to the terms of this Section 7, of this Article IV, the Board of Directors may allow any member that has an email account on file with the Cooperative to receive the ballot electronically and vote electronically, under such terms as determined necessary by the Board to protect the integrity of the election and the rights of all members to participate. The Election Date and date for the return of ballots for electronic voting will be consistent with the dates set for the return of ballots by mail. The results of the election shall be announced within ten (10) days of the election date.

Proposed Bylaw Change ARTICLE VII – Section 3

Explanation:

After a financial review, the board of directors may issue a general retirement of capital credits using several methods. The updated language clarifies how retirements may occur.

Proposed Change:

Section 3. Retirement of Capital Credits. If, at any time prior to dissolution or liquidation of the Cooperative, the Board shall determine that the financial condition of the Cooperative will not be impaired thereby, the capital credited to patrons' accounts may be retired in full or in part. Except as provided for under Section 4 of this article, any such retirements of capital shall be made in a manner consistent with then current Board policies for the retirement of capital credits and may, in the discretion of the Board, be made in either the order of priority according to the year in which the capital was furnished and credited, the capital first received by the Cooperative being first retired; or the cash made available for retirement in any year may be used, in whole or part to retire capital furnished by patrons during ~~the most recent~~ prior fiscal years, or a combination of both aforementioned methods.