



# Jefferson Energy Cooperative

*An Electric Membership Corporation*

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## **Summary of Proposed Bylaw Revisions**

At the 2018 Annual Meeting of Members, the Board of Directors will present several Proposed Bylaw Revisions for your consideration. Included in this booklet is a brief summary of each of the changes and each of the Bylaw sections to be revised.

Jefferson Energy Cooperative  
2018 Annual Meeting of Members

Tuesday, July 17, 2018

Jefferson County High School  
1157 Warrior Trail  
Louisville, Georgia

Registration: 8:30 a.m.  
Business Meeting: 10:00 a.m.

Jefferson Energy Cooperative is an equal opportunity provider and employer.



Your Touchstone Energy® Partner



### **Bylaw Revisions to allow Early Voting for Director Elections**

The Board of Directors would like to give members the opportunity to vote in our Director elections even if they are unable to attend our Annual Meeting. The proposal allows members to vote two weeks prior to Annual Meeting by registering and picking up a mail-in ballot at any of Jefferson Energy's four locations. In order to implement Early Voting for Director Elections, several minor revisions need to be made to four sections of the Bylaws:

Section 3.04 Quorum: Revisions allow 'registered' members to be counted in the quorum.

Section 3.05 Voting: The current Bylaws required members to attend the Annual Meeting in person to vote in a Director election. The revision allows other means as may be authorized by the Board of Directors.

Section 3.06 Order of Business: Revisions allow 'registered' members to be counted in the quorum.

Section 4.03 Election: The word "written" was removed. The word "written" as used in this section refers to a written ballot. We propose this revision to be pro-active in the event that digital balloting is ever implemented.

SECTION 3.04 Quorum. At the organization of the meeting, ~~attendance in person registration~~ of at least one hundred (100) of the members of the Cooperative at the annual membership meeting and at least two and one-half (2-1/2%) percent of the total members of the Cooperative at any special membership meeting shall be required for the transaction of business, except that, if less than a quorum is present, a majority of those present may adjourn the meeting to another time and date not less than thirty (30) days later to any place within one of the counties in which the Cooperative operates; PROVIDED, that the Secretary shall notify any absent members of the time, date and place of such adjourned meeting by delivering notice thereof as provided in Section 3.03. At meetings of the members, whether a quorum be present or not, the Secretary shall annex to the meeting minutes, or incorporate therein by reference, a list of those who were ~~present~~ registered. When a quorum is once ~~present~~ reached to organize a meeting, the members who remain ~~present~~ may continue to do business at the meeting, or at any adjournment thereof, notwithstanding the withdrawal of enough members to leave less than a quorum. For the purposes of this subsection, the Cooperative may count completed early voting ballots received before the member meeting in determining whether a quorum exists at the member meeting.

SECTION 3.05 Voting. Each member who is not in a status of suspension, as provided for in Section 2.01, shall be entitled to one vote and no more upon each matter submitted to a vote at any meeting of the members. Voting by members other than members who are natural persons shall be allowed upon the presentation to the Cooperative, prior to, or upon registration at, each member meeting, of satisfactory evidence entitling the person presenting the same to vote. At all meetings of the members all questions shall be decided by a majority of the members voting thereon, except as otherwise provided by law or by the Cooperative's corporate charter or these bylaws. The members may vote in person at the meeting, or by other means as may be authorized by the Board of Directors.

~~Voting by proxy or by mail shall not be permitted.~~

SECTION 3.06 Order of Business. The order of business at the annual meeting of the members and, insofar as practicable or desirable, at all other meetings of the members shall be essentially as follows:

1. Report on the number of members ~~registered~~present in order to determine the existence of a quorum;
2. Reading of the notice of the meeting and proof of the due giving thereof, or of the waiver or waivers of notice of the meeting, as the case may be;
3. Reading of unapproved minutes of previous meetings and taking of any necessary action thereon;
4. Presentation and consideration of reports of officers, directors and committees;
5. Election of directors;
6. Unfinished business;
7. New Business; and
8. Adjournment.

Notwithstanding the foregoing, the Board of Directors or the members themselves may from time to time establish a different order of business for the purpose of assuring the earlier consideration of and action upon any item of business the transaction of which is necessary or desirable in advance of any other item of business.

SECTION 4.03 Election. At each annual meeting of the members, directors shall be elected by secret ~~written~~ ballot by the members and, except as provided in Section 4.02 of these bylaws, from among those members who are natural persons; PROVIDED that, when the number of nominees does not exceed the number of directors to be elected at large or from a particular Region, and if there is no objection, secret ~~written~~ balloting may be dispensed with in respect of that particular election and voting may be conducted in any other proper manner. Directors shall be elected by the affirmative vote of a majority of the members represented at the meeting. Should no candidate receive the requisite majority vote, the winner shall be chosen by additional secret ballots between the two candidates receiving the highest number of votes in the prior balloting. The runoff election will be conducted no sooner than 30 and no later than 60 days after the Annual Meeting in which the election occurred. Drawing by lot shall resolve, where necessary, any tie votes.

### **Bylaw Revisions to Section 4.06 Nominations**

1. The list of nominated individuals who will run for Director positions are published in our Annual Report that is inserted in members' bills each June. Due to the various billing cycles, receipt of the Annual Report fluctuates throughout the month. To accommodate this practice, the 30 day requirement for member notification has been modified to provide at least a ten day notice prior to the Annual Meeting.
2. We propose that a member seeking to be nominated by petition to run for a Director position will require 50 signatures instead of 100 signatures.
3. There are a few changes in wording to make this Bylaw section easier to read and understand.
4. It is very important that nominees for Director positions are qualified to serve. The Nominating Committee confirms the qualifications of members that it nominates for Director positions. The qualifications of members nominated by petition are confirmed by the Credentials and Election Committee. The provision permitting nominations from the floor at a meeting where a Director is elected has been deleted to insure that all members interested in running for a Director position meet the Director qualifications set forth in our Bylaws.

SECTION 4.06 Nominations.- It shall be the duty of the Board of Directors to appoint, not less than eighty (80) days nor more than one hundred eighty (180) days prior to the date of a meeting of the members at which directors are to be elected, a Committee on Nominations which shall be the same in number as the Board of Directors, and the members of the Committee shall have the same qualifications as Directors, as set forth in Section 4.02. -The Nominating Committee shall follow such policies as the Board of Directors may from time to time establish to encourage that qualified and capable candidates are nominated. -The Committee members shall be members of the Cooperative but not incumbent directors or close relatives of such directors or known candidates to become directors. -The Committee shall prepare and provide ~~to the members of the Cooperative at least thirty (30) days before the meeting~~ a list of nominations for directors to be elected and the nominee or nominees with respect to each Region from which a director must, pursuant to this Article, be elected at the meeting. -The Committee may include more nominees than there are to be elected, but it shall show clearly which nominees are opposed with respect to the same Region, if any. -Any ~~one hundred (100)~~ (50) or more members of the Cooperative, acting together over their signatures not less than seventy (70) -days prior to the meeting, may make additional nominations, in like manner listing separately the nominee or nominees with respect to the Region from which they are nominated, if any. ~~The Secretary shall mail to the members with the notice of the meeting, or separately, but at~~ At least ten (10) days prior to the meeting, the Secretary shall deliver, by any reasonable means, the notice of the meeting and a statement of the total number of directors to be elected, the number who must be elected from given Regions, and, for each nominee, his name, address, and the same information for an opposing nominee or nominees, if any, showing those nominated by the Committee separately from those nominated by petition, if any. Reasonable means of providing such notice shall include but not be limited to United States mail, personal delivery, the Cooperative's monthly newsletter, or member service billings. No nominations shall be made from the floor at such meeting ~~except for the reason that one or more of the Committee's nominees have declined to serve, died, or otherwise become incapable of serving, or are determined to be ineligible for election.~~ Notwithstanding provisions contained in this Section, failure to comply with any of such provisions shall not affect in any manner whatsoever the validity of any action taken by the Board of Directors after the election of directors.

**Bylaw Revisions to Section 4.02 Director Qualifications**

Bylaw Section 4.02 Director Qualifications has been completely revised to list the qualifications to make the information easier to read. Additional qualifications have been added to insure that individuals who are nominated to run for Director positions will be able make a positive contribution.

NOTE: Attached are copies of Section 4.02 PRIOR to the Proposed 2018 Revision and Proposed 2018 Revision Section of 4.02.

#### **Section 4.02 PRIOR to Proposed 2018 Revisions**

SECTION 4.02 Qualifications. No person shall be eligible to become or remain a director of the Cooperative who is a close relative of an incumbent director or of an employee of the Cooperative, or has been an employee of the Cooperative at any time within five years immediately prior to date of appointment or election as director, or is not a member of the Cooperative and receiving service therefrom at his primary residential abode; PROVIDED, that the operating or chief executive of any member which is not a natural person, such as a corporation, church, etc., or his designee, shall, notwithstanding that he does not receive service from the Cooperative at his primary residential abode, be eligible to become a director from the Region in which such member is located, if (1) he or such designee is in substantial permanent occupancy, direction or use of the premises served by the Cooperative, and (2) is a permanent and year-round resident within or in close proximity to an area served by the Cooperative; BUT PROVIDED FURTHER, that no more than one (1) such person may serve on the Board of Directors at the same time. No person shall be eligible to become or remain a director of, or to hold any other position of trust in, the Cooperative who is in any way employed by or financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures, supplies or wiring to, among others, the members of the Cooperative. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the Board of Directors to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. 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, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.

## **Proposed 2018 Revision to Section 4.02**

Section 4.02 – Director Qualifications. A Director or Director candidate must comply with this Bylaw. The Cooperative may conduct an investigation, or require information, to determine whether a Director or Director candidate complies with this Bylaw.

A. General Director Qualifications. To become and remain a Director, a Person must comply with the following general qualifications (“General Director Qualifications”):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) have not been previously removed or disqualified as a Director;
- (4) have not been convicted of, or plead guilty to, a felony;
- (5) before becoming a Director, graduate from high school or earn an equivalent degree or certification;
- (6) have not had a final judgment entered against you involving civil fraud, ethical violations, discrimination, and/or acts of harassment;
- (7) have not, within the last seven years, been a debtor in a personal or business related federal bankruptcy proceeding or a similar proceeding;
- (8) have not been a party, within the last seven years, to a foreclosure or other proceeding (judicial or non-judicial, personal or business related), which proceeding is or was instituted because of a default on indebtedness; and
- (9) comply with any other reasonable qualifications determined by the Board of Directors.

B. Membership Director Qualifications. To become and remain a Director, an individual must comply with the following membership qualifications (“Membership Director Qualifications”):

- (1) while a Director and during the one year immediately before becoming a Director:
  - a) be a Member in good standing and have not been suspended as defined in Cooperative Bylaw Section 2.01; and
  - b) permanently reside, and will continue to reside, and use electric energy provided by the Cooperative, at the principal residence as defined under federal tax law 26 C.F.R. § 1.121-1(a)(2) within the Director Regions from which the Director is nominated or elected;

C. Independence Director Qualifications. To become and remain a Director, an individual must comply with the following independence qualifications (“Independence Director Qualifications”):

- (1) annually complete and sign an independence certification and disclosure form approved by the Board;

- (2) not be a member of, employed by, or have a direct financial interest in, an enterprise or organization that competes with the Cooperative or contracts with the Cooperative, the Cooperative's affiliates or other cooperatives of which the Cooperative is a member, except that any such employment, membership or financial interest which is so inconsiderable and incidental so as not to pose a reasonable prospect of a conflict of interest may be permitted. A nominee with any direct financial interest in an enterprise or organization that competes with the Cooperative or contracts with the Cooperative shall, however, fully disclose all such interests.
- (3) not be a Close Relative of an incumbent director or of an employee of the Cooperative, not be an employee or director of a competing utility or enterprise, or a Close Relative of an employee or director of a competing utility or enterprise; or within five (5) years immediately preceding the date of the meeting in which the directorship is to be voted upon, be an employee of the Cooperative.
- (4) while a Director and during the one year immediately before becoming a Director, not been an elected official of a public office full time for compensation.
- (5) while a Director and during the one year immediately before becoming a Director, not be a party in a mediation, arbitration, lawsuit, or other legal action against or by the Cooperative or a Cooperative Subsidiary; and

D. Director Disqualification. After becoming a Director, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications"), then, except as otherwise provided by the Board for good cause, the Board may by majority vote disqualify the Director and the individual is no longer a Director if:

- (1) the Board notifies the Director in writing or electronically of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within 30 days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.