Bylaw amendments proposed

Ballots also include three propositions to amend the cooperative Bylaws. The ballot includes a summary of each proposition.

‣ PROPOSITION A: Shall the bylaws of the Cooperative be amended to change the definition of “joint membership”?

‣ PROPOSITION B: Shall the bylaws of the Cooperative be amended to change director residency qualification?

‣ PROPOSITION C: Shall the bylaws of the Cooperative be amended to allow the Board to remove non-performing Directors?

The text of each amendment in its entirety is shown below.

Proposition A: To amend definition of “joint membership”.

**Rationale:** The Cooperative is bound to follow the laws of the State of Missouri defining recognized legal unions of persons. The Board of Directors supports this proposed bylaw amendment.

**ARTICLE I - MEMBERSHIP**

Shall Section 2, Joint Membership be amended to add text indicated below by **underlining** and delete text indicated by **strike through**:

A husband and wife **two persons who are joined in a lawful marriage relationship recognized by the State of Missouri** may apply for joint membership and, subject to their compliance with the requirements set forth in Section 1 of this Article, may be accepted for such membership. The term “member” as used in these bylaws should be deemed to include a single member and a **husband and wife** two persons **who are joined in a lawful marriage** holding a joint membership and any provisions relating to the rights and liabilities of membership should apply equally with respect to the holders of a joint membership as to a single member.

Proposition B: To amend director residency qualification.

**Rationale:** “Member and bona fide resident in the area served” is subject to loose interpretation and has been litigated at other cooperatives. This language would arguably allow the candidacy of a member who had a rural service membership while he/she lived on another supplier’s lines. To assure that directors personally share the service experience of other members, the Board of Directors supports this proposed bylaw amendment.

**ARTICLE IV: DIRECTORS**

Shall Section 3: Qualification, subparagraph (c) be amended to add text indicated below by **underlining** and delete text indicated by **strike through**:

(c) **is not a bona fide resident in the area served by the Cooperative in the county and district from which they are to serve** does not permanently occupy and continuously and materially use the Cooperative's service at his or her principal place of abode at a location within the director district from which the director is elected or appointed;

Proposition C: To allow Board removal of non-performing director.

**Rationale:** The duty of loyalty to the Cooperative requires that directors exercise personal discipline in regard to maintaining confidentiality of corporate information and decision processes. In extreme circumstances a director’s deliberate behavior may challenge the ability of the Board to fulfill its governance function in a way that promotes unity of purpose and accountability to the membership. Absent delegated authority from the membership, the Board possesses limited ability to police disruptive behavior by a director. This bylaw proposal delegates to the Board the power to remove a director from office. The Board of Directors recommends approval of this bylaw proposal.

**ARTICLE IV, DIRECTORS**

Shall Section 6: Removal of Director by the Board of Directors be added (new):

Any director may bring charges against another director for conduct or behavior that is in breach of the charged director’s fiduciary duty to the Cooperative. Such charge must be based on that director’s abandonment and/or settled disregard for lawful standards of director conduct that are conducive to effective management of the Cooperative. It is not required that such charged breach of duty or pattern of behavior result in measurable damages to the Cooperative. The director shall be informed in writing or electronically of the basis for the proposed disqualification and removal at least ten (10) days prior to the meeting at which the charge will be heard by the full Board. The charged director shall have opportunity to offer rebutting or mitigating information regarding the proposed disqualification. If nine (9) directors agree that the charge establishes good cause to believe that the charged director cannot or will not conform to lawful standards of director conduct, and that such non-conformance is detrimental to the function of the Board and the good of the membership, the director shall be removed from the Board. Any vacancy created by such removal may be filled by appointment of the Board of Directors until the next director election at which time the members shall elect a director to fill the unexpired term of the vacant director’s seat.