

CHELCO 2017

Trustee Application Packet

Trustee Election FAQs

Do I have to live in the district that is up for election?

Yes, candidates must be a member of the Choctawhatchee Electric Cooperative and reside within the district they wish to represent.

How do I know what district I reside in?

The district of your residence is printed on your electric bill.

What if a relative of mine works at CHELCO?

According to the bylaws, trustees may not be closely related to any CHELCO employee.

How much time is involved when serving as a trustee?

Monthly board and committee meetings are usually held after hours, but occasionally will be held during business hours. Governance training conducted by national and state electric cooperative associations will require some travel. The average time required to participate in monthly meetings, training and travel, can range on average from four hours to three days per month.

What involvement, if any, will I have during major storms?

Employees and staff of CHELCO handle the actual operation of the co-op, including storm emergencies. Trustees will occasionally get calls from members asking for information about outages. The trustee should refer calls to CHELCO as we have the most up to date information. Members can also be referred to our website where there is a map of current outages.

Do I need to submit anything with my application?

Yes, a short biography of 150 words or less is needed along with your application.

Where do I get an application?

- The application form is at the end of this packet.
- Call 850-892-2111 and ask for Trustee application info to be mailed or emailed to you.

If you are filing out a paper packet, please mail to:

CHELCO Administration
P.O. Box 512
Defuniak Springs, FL 32435

If you are filing out a packet online, please email to dmckinion@chelco.com with subject line of Trustee Election Form.

DEADLINE FOR ALL APPLICATIONS IS FEB. 1, 2017

What happens after I submit my application?

You will be contacted by CHELCO when your application is received and provided information about the next steps in the election process.

Choctawhatchee Electric Cooperative, Inc. (CHELCO)

Overview, Governance and Board Responsibilities

Overview: Choctawhatchee Electric Cooperative (CHELCO) is a not-for-profit electric cooperative that was established in 1940 to bring electricity to Okaloosa, Walton, Santa Rosa and Holmes counties.

As an electric cooperative, CHELCO is owned by the more than 47,000 members it serves. CHELCO is distinguished by the Seven Cooperative Principles as follows:

1. **Voluntary and open membership** -- Cooperatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political, or religious discrimination.
2. **Democratic member control** -- Cooperatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. Members have equal voting rights-one member, one vote.
3. **Members' economic participation** -- Members' contribute equally to, and democratically control, the capital of their cooperative. Members allocate surpluses for any or all of the following purposes: developing the cooperative; benefiting members in proportion to the transactions with the cooperative; and supporting other activities approved by the membership.
4. **Autonomy and independence** -- Cooperatives are autonomous, self-help organizations controlled by their members.
5. **Education, training and information** -- Cooperatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their cooperatives. They inform the general public about the nature and benefits of cooperation.
6. **Cooperation among cooperatives** -- Cooperatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional, and international structures.
7. **Concern for community** -- While focusing on member needs, cooperatives work for sustainable development of their communities through policies accepted by their members.

Mission and Core Values Statement: CHELCO is dedicated to safely providing quality services and products to members at competitive value while adhering to the cooperative principles.

Governance Structure and Board Responsibilities: CHELCO is governed by a nine-member Board of Trustees. Each trustee is elected to a three-year term. The terms are staggered so that three trustees are up for election each year. The election takes place by mail prior to the cooperative's annual meeting held in April.

Qualifications, which must be met to serve as a trustee, are stipulated in the Bylaws under Article IV, Section 2 (See attached excerpt.) A summary follows:

1. Must be a member and bona fide resident in the cooperative's service territory.
2. Must be a "member in good standing" of the cooperative. In other words, he/she must not be delinquent in any debts owed the co-op.
3. Must be at least 18 years of age and a high school graduate, or equivalent.
4. Must not be convicted of, or plead guilty to a felony while serving as a trustee or during the five (5) years prior to becoming a trustee.
5. Must not have been terminated from employment/board of trustees with the cooperative or cooperative subsidiary or affiliate, or been employed with the cooperative or the spouse of any such employee during the five (5) years immediately before becoming a trustee.
6. Must not have a controlling financial interest in a competing enterprise or business that sells or provides a material amount of commodities, products or services to the cooperative or any subsidiary of the cooperative.
7. Must not be closely related to an employee of the cooperative.

Additionally, candidates should possess the following characteristics:

1. Be, or aspire to be, a leader in the community.
2. Be of the highest integrity and have respect for the community in which he/she lives.
3. Have the ability to exercise sound judgment, logical reasoning and the capacity to enter legally binding contracts.

The expectations and responsibilities of a trustee are as follows:

1. Trustees are expected to attend at least two-thirds of all board meetings during each calendar year. Meetings are generally held on the third Thursday of the month at 6:00 p.m.
2. Trustees are expected to attend all special board meetings, committee meetings and the CHELCO annual meeting.
3. Trustees should also try to attend at least one national, regional or statewide meeting each year.
4. Trustees spend up an average of 30 days per year representing CHELCO.
5. Trustees are expected to review the monthly board packet and other materials provided to them and come to meetings prepared to participate.
6. CHELCO has trustee districts and elections are based on their geographic location within the service territory. This helps insure that every part of the service territory is fairly represented. Even so, trustees are expected to make decisions based upon what is best for the membership as a whole and not just their area.
7. Trustees should strive to work together harmoniously and treat each other, and employees, with dignity and respect.

Other items of interest include the following:

1. Trustees receive a per diem, and mileage is reimbursed at the current IRS rate per mile. Additionally, trustees are reimbursed for transportation, lodging and meal expenses when traveling on cooperative business.
2. Trustees are offered health insurance coverage at their own expense. Business travel insurance is also provided.
3. Trustees pay their electric bills in full just like every other member.

CHELCO Bylaws Excerpt

ARTICLE IV

BOARD MEMBERS

SECTION 1. General Powers.

The Cooperative shall have a Board that is composed of nine (9) Trustees. Except as otherwise provided in the articles of incorporation or these bylaws, all Cooperative powers shall be exercised by the Board, or under the Board's authority. The Cooperative's activities and affairs shall be managed under the Board's direction and subject to the Board's oversight and the Board shall reasonably administer and enforce these bylaws, or shall ensure that these bylaws are reasonably administered and enforced.

SECTION 2. Qualifications and Tenure.

Trustees shall be elected by ballot of the members as required by Section 5, Article III, according to class and term as herein provided, or until their successors shall have been elected and shall have qualified. Commencing with the election of Trustees in the year 1953, they shall be divided into three (3) classes. Class One (1) shall constitute the districts numbered 1, 7, and 9; Class Two (2) shall constitute the districts numbered 2, 4, and 6; and Class Three (3) shall constitute the districts numbered 3, 5, and 8. The seats of the Trustees of Class One shall be vacated at the expiration of the first year, of Class Two at the expiration of the second year, and of Class Three at the expiration of the third year, so that one-third may be chosen every year. Thereafter, the term of the Class expiring at the annual meeting shall be elected for a term of three (3) years. If the election of the Trustees has not been held on the day designated herein for the Annual Meeting, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the members as soon thereafter as conveniently may be.

Trustee Qualifications. A Trustee or Trustee candidate must comply with this bylaw.

(a) General Trustee Qualifications. To become and remain a Trustee, a person must comply with the following general qualifications ("General Trustee Qualifications"):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) not have been previously removed or disqualified as a Trustee;
- (4) not have been previously terminated from employment with the Cooperative or a Cooperative Subsidiary or Cooperative Affiliate;
- (5) while a Trustee, and during the five (5) years immediately before becoming a Trustee, not be convicted of, or plead guilty to a felony;
- (6) before becoming a Trustee, graduate from high school or earn an equivalent degree or certification; and,
- (7) except as otherwise provided by the Board for good cause, attend at least two-thirds of all Board Meetings during each calendar year/fiscal year/twelve month period.

(b) Membership Trustee Qualifications. To become and remain a Trustee, an individual must comply with the following membership qualifications ("Membership Trustee Qualifications"):

- (1) while a Trustee and during the one (1) year immediately before becoming a Trustee:
 - (A) be a Member in Good Standing of the Cooperative;
 - (B) permanently reside, and use electric energy provided by the Cooperative, at a location within the Trustee District from which the Trustee is nominated or elected; and,
 - (C) be a member of the Member Class from which the Trustee is nominated or elected.

(c) Independence Trustee Qualifications. To become and remain a Trustee, an individual must comply with the following independence qualifications ("Independence Trustee Qualifications"):

- (1) while a Trustee and during the five (5) years immediately before becoming a Trustee, not be an employee of the Cooperative or the spouse of any such employee, or an employee, or a leased employee of an entity controlled by the Cooperative or in which the Cooperative owns a majority interest or the spouse of any such employee, ("Cooperative Subsidiary");
- (2) while a Trustee and during the one (1) year immediately before becoming a Trustee, not be an employee of an entity in which the Cooperative is a member or owner or the spouse of any such employee ("Cooperative Affiliate");
- (3) while a Trustee and during the five (5) years immediately before becoming a Trustee, not receive or have an Immediate Family Member that receives more than ten percent of annual gross income, other than insurance or Trustee compensation, or retirement income, directly or indirectly from the Cooperative, a Cooperative Subsidiary, a Cooperative Affiliate, or an employee of the Cooperative or a Cooperative Subsidiary;
- (4) while a Trustee and during the one (1) year immediately before becoming a Trustee, not advance, or have an Immediate Family Member that advances, the individual's own financial interest by competing with providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary or a Cooperative Affiliate;
- (5) while a Trustee and during the one (1) year immediately before becoming a Trustee, not provide, or have an Immediate Family Member that provides, electric energy, and not own, lease, or rent, or have a Immediate Family Member that owns, leases, or rents, real or personal property used to provide electric energy;
- (6) while a Trustee, not be an Immediate Family Member of a Cooperative Trustee or Cooperative employee;
- (7) while a Trustee or a candidate for Trustee, not be the incumbent of or a candidate for an elective public office in connection with which salary or compensation in excess of One Hundred Dollars and no/100 (\$100.00) per annum is paid; and,
- (8) while a Trustee and during the one (1) year immediately before becoming a Trustee, not be employed by, control, own more than ten percent or, serve as a trustee, director or officer of, or receive more than ten percent of annual gross income from an entity that:
 - (A) advances the entity's own financial interest by competing with the Cooperative or a Cooperative Subsidiary or Cooperative Affiliate by providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary or a Cooperative Affiliate or by providing electric energy or a good or service related to providing electric energy;
 - (B) employs more than two (2) percent of members; or,
 - (C) receives more than ten percent of its annual gross income directly or indirectly from the Cooperative or a Cooperative Subsidiary or Cooperative Affiliate or members.

Upon establishment of the fact that a Trustee is holding office in violation of any of the foregoing Trustee Qualifications, it shall immediately become incumbent upon the Board of Trustees to notify the Trustee, conduct a meeting to review the issue and make a decision regarding the removal of such Trustee from office.

Procedures for Removal of Trustee by Board. The Trustee who is subject to removal for any such violation(s) shall be informed in writing of the alleged violations at least ten (10) days prior to the board meeting at which the alleged violations are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the alleged violations; and the person or persons bringing the charges against him shall have the same opportunity. The Trustee charged may be found in violation of the Trustee Qualifications only if by a 3/4ths majority of the entire Board of Trustees, less the member charged, finds the violation(s) to have occurred, and that the violation(s) proven had or have a material adverse effect on the business and affairs of the Cooperative. The Trustees shall be given thirty (30) days after the meeting at which the

alleged violations are considered to comply with the Trustee Qualification(s) found to be violated. If the Trustee neither complies with or meets the Trustee Qualification within that timeframe he/she shall be removed from office by the Board. Any vacancy created by such removal may be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustee removed from office.

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

SECTION 3. Nomination and Election of Trustees.

(a) Nomination of Trustees. It shall be the duty of the Board of Trustees to appoint, not less than fifty-five (55) days nor more than ninety (90) days before the date of a meeting of the members at which trustees are to be elected, a committee on nomination consisting of not more than nine (9) members who shall be selected from each of the districts so as to insure equitable representation. No member of the Board of Trustees may serve on such committee. The committee shall prepare and post at the principal office of the Cooperative at least forty (40) days before the meeting, a list of nominations for Trustees for the class to be elected at such Annual Meeting. The committee shall nominate at least one (1) candidate from each district of the class to be elected at such Annual Meeting. Any fifteen (15) or more members acting together may make other nominations by petition not less than forty-five (45) 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 ten (10) days before the date of the meeting, a statement of the number of Trustees to be elected and the names and addresses of the candidates. The names shall be arranged by classes and districts, and the statement shall specify separately the nominations made by committee on nominations and also the nominations made by petition, if any. Nominations from the floor shall not be permitted. Notwithstanding anything contained in this section, failure to comply with any provisions of this section shall not affect in any manner whatsoever the validity of any election of Trustees.

(b) Election of Trustees. Election of Trustees shall be by printed, machine ballot or electronic. The ballots shall list the candidates nominated by the committee on nominations and by petition, if any, arranged by classes and districts. The candidate from each district in such class receiving the highest number of votes at such meeting shall be considered elected as Trustee.

SECTION 4. Removal of Trustees by Members.

Any member may bring charges against a trustee(s) for cause by filing such charges in writing with the Secretary, together with a petition signed by two (2) per centum of the members and request the removal of such Trustee(s) by reason thereof. The Trustee against whom such charges have been brought shall be informed in writing of the charges at least ten (10) days prior to the meeting at which the charges are to be considered and shall have an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect of the charges; and the person or persons bringing the charges against him shall have the same opportunity. The question of the removal of such Trustee(s) shall be considered and voted upon within sixty (60) days of the filing of such charges, and any vacancy created by such removal shall be filled by vote of the members in accordance with the provisions of Article IV, Section 3 and Article III, Section 5.

SECTION 5. Vacancies.

Subject to the provisions of these bylaws with respect to the filling of vacancies caused by the removal of Trustees by the members, a vacancy occurring in the Board of Trustees shall be filled by the affirmative vote of a majority of the remaining Trustees for the unexpired portion of the term of the Trustee in respect of whom the vacancy occurs. The member elected as Trustee to fill the vacancy must reside in the same district as the Trustee to whose office he succeeds.

SECTION 6. Compensation.

Trustees as such shall not receive any salary for their services, but by resolution of the Board of Trustees, a fixed sum and expenses of attendance, if any, may be allowed for attendance at each meeting of the Board of Trustees. The Board may also by resolution authorize a fixed sum for each day or portion thereof spent on Cooperative business, such as attendance at meetings, conferences, and training programs or performing committee assignments when authorized by the Board. If authorized by the Board, Board Members may also be reimbursed for expenses actually and necessarily incurred in carrying out such Cooperative business or granted a reasonable per diem allowance by the Board in lieu of detailed accounting for some of these expenses. No Board Member shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Board Member receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by the Board Member or his close relative shall have been certified by the Board as an emergency measure.

SECTION 7. Indemnification.

To the extent allowed in Florida Statutes Section 617.028: The Board of Trustees of the Cooperative shall have the power to indemnify any person who was or is a party to any proceeding, action or claim by reason of the fact that he is or was a Trustee, Manager, Officer, Employee or Agent of the Cooperative or is or was serving at the request of the Cooperative as a Trustee, Director, Manager, Officer, Employee, or Agent of another corporation, partnership, joint venture, trust or other enterprise, against liability or expenses incurred in connection with any such proceeding, action or claim, including any appeal thereof.

TRUSTEE APPLICATION FORM

2017 Nominating Committee

Choctawhatchee Electric Cooperative, Inc.

I, _____, am a member of Choctawhatchee Electric Cooperative and a bonafide resident of District _____. (Trustee must live in district he/she represents -- see your CHELCO bill for your district.) I am requesting my name be placed in nomination by the nominating committee for Trustee candidate of CHELCO for the 2017 election of Trustees, and I am willing to serve on the Board of Trustees, if elected.

Name (as shown on bill) _____

Account Number _____

Address _____

Telephone Numbers – home and cellular _____

Email Address _____

Member Signature _____

This form must be received in the CHELCO Headquarters office by 5 p.m., Feb.1, 2017.*

**This deadline is in advance of the Nominating Committee meeting.*

ATTACH A WRITTEN BIOGRAPHY TO APPLICATION (150 words or less)