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## **AMENDMENTS AND BYLAWS: GENERAL FREQUENTLY ASKED QUESTIONS**

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### **What are Articles of Incorporation and why do we need them?**

The Articles of Incorporation is the founding legal document that provides a framework for the governance of the Cooperative and is filed with the Minnesota Secretary of State.

### **What are Bylaws and why do we need them?**

Bylaws are the set of rules and procedures for operating the Cooperative. In general, Bylaws should define the basic rights and responsibilities members have in voting and capitalizing the Cooperative, as well as the basic responsibilities of the Board of Directors and management. Bylaws should be flexible enough to deal with changing business and market conditions as well as the general procedures that will be followed to make organizational decisions. Bylaws define the Cooperative's basic democratic structure and provide the general rules for the internal governance of the Cooperative; they do not codify specific decisions or policies.

### **Why do we need to change them occasionally?**

As time passes, the industry changes, technology advances and member needs/expectations grow. It is important to periodically review and amend the Articles of Incorporation and the Bylaws in order to keep these important documents relevant and effective.

### **Have the Articles of Incorporation and/or Bylaws been amended before?**

Yes, both documents have been amended in the past. It is routine for the Board of Directors and Cooperative staff to review Articles of Incorporation and Bylaws on a regular basis. Over time, changes and adjustments are recommended. However, because they may not be urgent or substantial, and the process of presenting amendments to the membership is costly, recommendations are saved for a time when a vote is most needed, there are enough changes to warrant the expense, and the timing makes sense for the Cooperative, which is the case for 2020. The most recent amendments were made in 2005, 1991 and 1989. The last time a Bylaw change was voted on in 2005, approximately 1,055 members out of 1,140 voted to approve the amendments presented (about 92.5 percent).

### **What do the proposed amendments to the Articles of Incorporation and Bylaws mean to members?**

Most changes are simple language and grammatical updates that make the documents easier to read and understand. Other changes help keep the documents current and relevant either by including technology, industry best practices or allowing for flexibility into the future.

A full, red-lined copy of the proposed amendments and their explanations can be viewed online at [www.stearnslectric.org/about-us/2020BylawVote](http://www.stearnslectric.org/about-us/2020BylawVote). In addition, this document will be mailed and e-mailed to all members along with their ballot package for voting in March.

### **How were the proposed amendments to the Articles of Incorporation and Bylaws developed?**

Over the last year, a committee led by three Board members (District 4 Director and Board President Randy Rothstein; District 8 Director Mike Blenkush; and District 9 Director Jerry Fries) including Stearns Electric staff, an attorney and a third-party communication consultant, conducted a review of the Cooperative's Bylaws. The committee reviewed the Articles of Incorporation and the Bylaws line by line, while comparing them to Cooperative business practices, policies and future needs in order to identify and suggest the needed alterations. Once the suggested changes were identified by the committee, the full Stearns Electric Board of Directors reviewed the amendments. After discussion and review of these recommendations, the Board of Directors, during the October 2019 Board Meeting, approved the proposed amendments to the Articles of Incorporation and Bylaws for a vote by the members.

## **What does it take to approve the proposed amendments to the Articles of Incorporation and Bylaws?**

The proposed amendments will be presented to all members for a vote. The changes require a “yes” vote from majority of those members who complete a ballot.

### **How do I vote?**

Voting begins Monday, March 16 and runs through the Annual Meeting on April 2, 2020.

There are three ways to vote:

1. **VOTE ONLINE\***; Vote online through SmartHub by logging into your account and clicking on the “Vote Now” button in the top right corner, or by following the website URL provided in your ballot package and using the personalized member number and election passcode to log in. In either format, follow the online voting instructions to place your vote. If you vote online, do not mail a paper ballot.
2. **VOTE BY MAIL\***; On the paper ballot received in the mail, vote to approve the amendments by selecting either “YES” or “NO” to the question *“Resolved, that the members of Stearns Cooperative Electric Association hereby approve the Third Restated Articles of Incorporation and the Restated Bylaws recommended for adoption by the Cooperative’s Board of Directors”*, then place the ballot into the envelope marked “Ballot Envelope” and seal. Then place the “Ballot Envelope” in the return envelope addressed to “Secretary,” seal and mail it. Please allow for sufficient time for delivery.
3. **IN PERSON AT THE ANNUAL MEETING**; Polls will open at 6:30 p.m. until balloting closes.

\*Online or mail ballots will only be accepted if received by 3:00 p.m. on April 1, 2020.

Members in Districts 1, 7 and 8 will receive a ballot package that also includes the option to vote for a director to represent their respective district.

Ballot packages will be mailed the week of March 16 with further instructions. In addition, members with an email address on file will also receive an email with similar instructions. The voting process will be conducted by Survey and Ballot Systems (SBS), a Minnesota-based company that manages elections for cooperatives across the country.

### **What happens if the amendments don’t pass?**

If the proposed amendments don’t pass, the Articles and Bylaws remain as they are today. However, the proposed amendments have been identified as important and necessary, therefore the Board and the Cooperative will need to begin a process of identifying why the proposed amendments did not pass, revisit potential adjustments and then re-present changes to the membership in the near future.

### **Why do all the amendments need to be passed together?**

The most significant changes are interrelated, so it makes the most sense to get an up-or-down vote on all the revisions at one time. In addition, the process to present a vote on proposed amendments to members is expensive due to considerations of time, printing, postage, etc. It is a Bylaw requirement that all members receive a complete list of amendments to these documents and the opportunity to vote on them for approval.

### **Where can I learn more?**

The complete list of the Bylaw changes can be found online at [www.stearnselectric.org/about-us/2020BylawVote](http://www.stearnselectric.org/about-us/2020BylawVote). If you have questions or concerns, please call (800) 962-0655 during business hours.