

MINUTES OF THE MEMBER AD HOC NOMINATING AND VOTING COMMITTEE
FOR THE BOARD OF DIRECTORS
OF
FALL RIVER RURAL ELECTRIC COOPERATIVE
August 21, 2019

The Ad Hoc Board Compensation Committee Meeting was held on August 21st, 2019 at 6:00 p.m. at the Ashton Office of Fall River Rural Electric Cooperative Inc. The meeting was called to order at 6:05 p.m. by Fall River Board President Doug Schmier.

MEMBER COMMITTEE MEMBERS ATTENDING: Kelly Circle, Rocky Hermanson, Sara Bowersox, Paul Dye, Glade Gunnell, Shirley Butler, Keith Birch, Bonnie Reece, Gary Henrie, Brett Whitaker, and Gene Ranson.

FALL RIVER ELECTRIC REPRESENTATIVES: Board President Doug Schmier, Fall River Attorney Jerry Rigby, and CEO Bryan Case.

President Schmier welcomed everyone to the meeting, following introductions and instructions, CEO Bryan Case reviewed the material previously sent out to committee members. The material included a review of Fall River Bylaws; a review of the nominating committee process; the purpose of a nominating committee; frequently asked questions; and historical member voting information.

Paul dye was nominated as Committee Chair and Bonnie Reece was nominated as Secretary. Since there were no other nominations and no objections. The committee appointed Paul Dye as Chair and Bonnie Reese as Secretary by acclamation.

Chairman Dye asked for clarification on the expected outcomes or scope of the Ad Hoc Committee. Fall River representatives indicated the Fall River Board was relying on the committee to review the nominating process; the candidate voting; and review members suggestions to improve the process. After a review and discussion, the Fall River Board was interested in recommendations, if any, and for changes to the nominating and candidate voting process. The Committee asked questions about the packet of information which was presented. Fall River's representatives briefly reviewed the material and provided clarification.

The Member Ad Hoc Committee reviewed the nominating process and the material included in the committee packet; which included the Nominating Committee Process, Nominating Committee Frequently Asked Questions, 2019 Nominating Committee Minutes, 2019 Nominating Committee Members, Nominating Committee Master List, and the Candidate Consent & Release Form.

The Ad Hoc Members discussed fact checking candidates' minimum qualifications to be a Fall River Board member as outlined in the bylaws and had questions about fact checking the information candidates provide in their bios. Discussion on the requirement to be a US citizen was discussed. A suggestion to have a pre-election runoff was discussed. Discussions on limiting

the number of candidates running for a given district; and forwarding the names of members who show interest in being considered a board candidate to the nominating committee as soon as they are known. The Ad Hoc Committee also discussed changing the order so that nomination by petition deadline close prior to the nominating committee meets and then let the Board decide if a nominating committee is needed to find additional candidates. The consensus was that the Board then considers limiting candidates and the nominating committee plays a vital role in identifying potential board members.

NOMINATION PROCESS - After robust discussions on various topics and approaches, the Member Ad Hoc Committee's consensus was to leave the nominating process as outline in the bylaws and the more detailed process lined out by the Fall River Board remain as presented.

US CITIZENSHIP REQUIREMENT – The Committee asked questions and Jerry Rigby discussed that if a requirement were to be instituted it would certainly be discrimination. Mr. Rigby discussed that if a member resides in the service territory, pays their bill, is a member of the Cooperative and is eligible for employment within the United State, they have rights to participate in the Cooperative regardless of citizenship.

Shirley Butler made a motion to not make any changes which require US citizenship. Sara Bowersox seconded the motion. A voice vote was taken; THE MOTION CARRIED BY A MAJORITY VOTE.

LIMIT THE NUMBER OF POTENTIAL BOARD CANDIDATES – The Committee discussed the advantages of limiting candidates. Discussions included the point the members are the selection committee and should be given all candidates interested in running for the Board. The Committee discussed how to limit the number. Would it be first come first serve; the longest standing member or oldest or youngest member; would the Board or Nominating Committee rank and then select who gets presented to the membership? After much discussion it was the consensus of the Member Ad Hoc Committee that the members should be the ultimate voice in selecting who would best represent them on the Board of Directors and therefore chose not to limit the number of candidates running in any one district and to leave the process as outlined in the bylaws.

LIMIT MEMBER VOTING TO CANDIDATES FROM THE DISTRICT THEY RESIDE IN – Discussions included restricting voting to those in the district you reside more likely would mean you have some knowledge of the candidate and not just reliance on a candidate bio. It would also mean that as a member you would only get to vote every third year and would be denied casting a vote in favor of a candidate that may be willing to address an emerging issue for the Cooperative. Board members, while elected from a district, are elected to represent the whole Cooperative membership, not just the district they are from. Districts are set up to ensure Board representation is spread throughout the service territory.

Rocky Hermanson made a motion to leave members voting for all candidates as contained in the bylaws and not make any changes. Kelly Circle seconded the motion. A voice vote was taken; THE MOTION CARRIED. Gene Ranson requested that it be noted he was opposed to this motion.

PRORATING THE NUMBER OF MEMBER VOTES BASED ON KWH OR ALLOWING ONE VOTE PER METER – These two items were discussed together. The suggestion came from members with many individual meters and/or significant kWh usage. Their concern was that they as a member have only one vote when they use as much energy as thousands of cabin owners who have one account and they have several meters. The Committee discussed fairness and equity. Discussion included the size of a member, the amount of energy used, or number of meters shouldn't provide a member with a greater say over a small residential member who uses very little energy. Jerry Rigby, when asked what other Cooperatives do, replied he was unaware of any other Cooperative that allowed voting based on the number meters or the amount of energy used, but that all the Cooperatives he was aware of, allow one vote for one membership.

Gene Ranson made a motion to leave the current process of one member one vote in place with no changes. Keith Birch seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

CANDIDATES MUST SECURE A MAJORITY OF MEMBERS VOTES TO WIN (50% PLUS ONE) AND A RUNOFF ELECTION BETWEEN THE TOP TWO CANDIDATES – The Committee discussed the timing of having a primary election prior to the annual meeting, a runoff after the annual meeting, the cost of a runoff election, and previous member committee discussions about holding runoff elections. In a previous member committee discussions, cost was a concern, but the Committee looked at election results and determined that with the large number of candidates running, a runoff process made sense and a majority of members voting should have a say in who represents them.

Sara Bowersox made a motion to recommend to the Fall River Board that a bylaw change be made requiring a runoff election be held if a Board candidate did not secure more than 50% of the members votes and requested Fall River's Legal Counsel to prepare a proposed process and bylaw language which would allow sufficient time to give notice to members, send out election ballots, allow members time to vote, and Fall River to receive and record the votes. Keith Birch seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

The Committee discussed the merits of only sending out ballots for the runoff election if requested. The consensus of the group was to allow the methods used in the original election be made available for the runoff election process.

Chairman Dye received consensus from the Committee that a draft of the proposed processes and

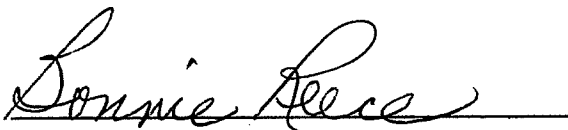
bylaw change will be prepared and send via email to the Committee for review and that if there were concerns or questions the committee would strive to address those via e-mail. If significant discussion is needed another committee meeting may be called to discuss and make changes if needed.

OTHER SUGGESTIONS TO CONSIDER – Chairman Dye asked if there were other suggestions from the Committee that needed to be discussed. The Committee briefly discussed Board term limits and the investment the Cooperative makes to allow Board members to get educated in Board governance, the energy industry, and staying abreast of emerging trends. The committee also discussed Board qualifications and expectations.

A suggestion was made that when the Board President is up for election, that he/she excuse themselves from the nominating committee meeting with a note that President Schmier had made introductions and then excused himself as very appropriate, but that the issue had come up. Jerry Rigby and President Schmier reported the Board had a similar discussion and had made the change that if a Board President was up for election another Board member, not up for election, would be appointed as Fall River's Board representative for the Nominating Committee.

With no further suggestion or committee discussion Gene Ranson made a motion to adjourn the Committee meeting. Kelly Circle seconded the motion. A voice vote was taken; THE MOTION CARRIED BY UNANIMOUS VOTE.

Meeting Adjourned at 7:35 p.m.

A handwritten signature in cursive script, reading "Bonnie Reece", written over a horizontal line.

Bonnie Reece – Secretary