

Director Candidate Application & Information

**For Black Hills Electric Cooperative Members
Interested in Being Elected to the Black Hills Electric
Cooperative Board of Directors.**

2024

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All documents must be received by 5 p.m. on

February 9, 2024



Black Hills Electric Cooperative, Inc.
P.O. Box 792
Custer, SD 57730

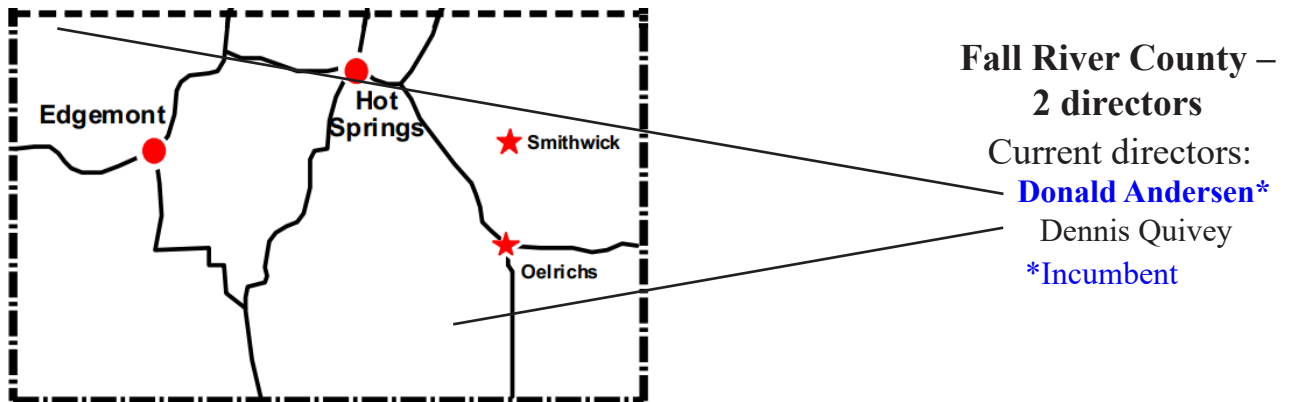
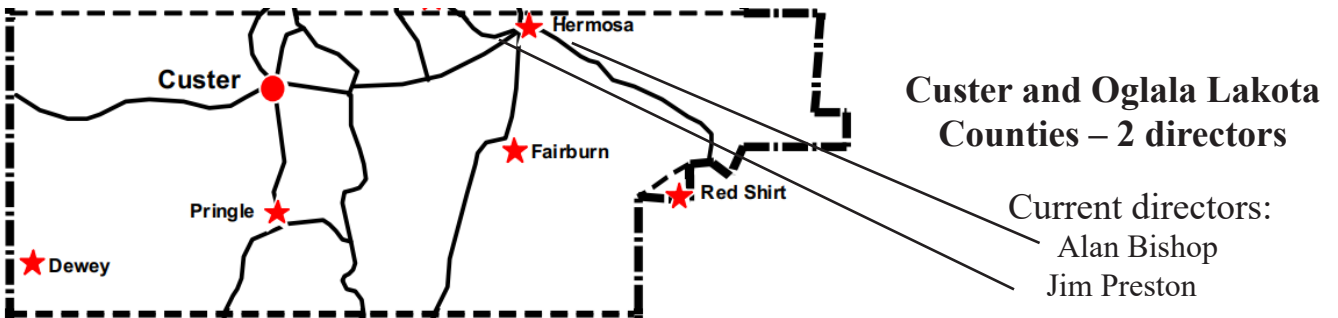
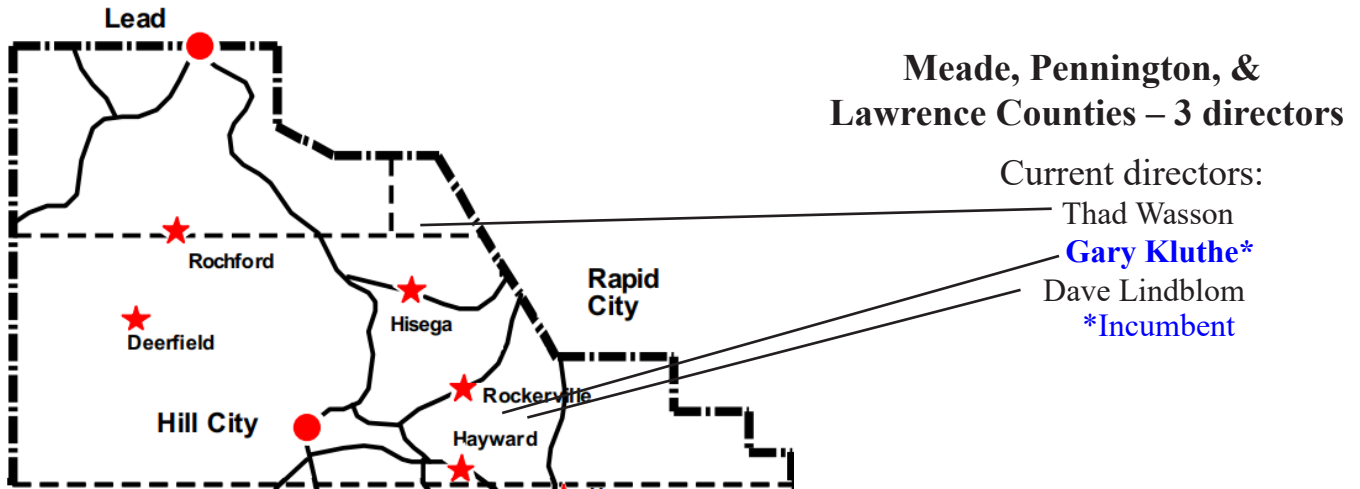
® A Touchstone Energy® Cooperative



(605) 673-4461 or (800) 742-0085

Black Hills Electric Cooperative

Geographic Representation



- Outline of BHEC Territory
- County Boundary
- ★ Community Served by BHEC
- Other Communities

BHEC Information

Black Hills Electric Cooperative is a non-profit, member-owned electric utility serving more than 9,000 member-owners in western South Dakota. It is the fourth largest of the 28 rural electric distribution cooperatives in the state. The Cooperative has assets of more than \$78 million and annual revenue of about \$24 million. BHEC has over 2,700 miles of power lines and 26 employees.

The Cooperative is governed by a seven-member board of directors elected by the members at the annual membership meeting each year in May or June. Each director is elected at large from one of three geographical areas for a three-year term.

Director Positions to be elected in 2024:

Three director positions will be voted on at the annual membership meeting at Hot Springs on Thursday, May 30, 2024:

- One director will be elected from the geographical area of Fall River County. The incumbent, Donald Andersen, is running for re-election.
- One director will be elected from the geographical area of Lawrence, Meade, Pennington Counties. The incumbent, Gary Kluthe, is running for re-election.

Nomination and Election Process:

There are two ways a member may be nominated for a director position:

1. Nominating Committee (Signed application due by Friday, February 9, 2024)
2. Petition of 50 or more members returned by April 30, 2024.

The nomination committee will review applications and résumés and interview prospective candidates.

Pursuant to BHEC Board Policy 111, a candidate selected by the nominating committee or by valid petition may request a membership and address list for the purpose of campaigning. The list must be returned within 10 working days after BHEC's annual meeting.

Nominees will be featured in the Annual Report to be mailed to all members prior to the annual meeting. They will also be given approximately five minutes to speak at the meeting. Election is by secret ballot of members attending the annual meeting.

Service expectations as a director:

An individual on the board of directors can expect to serve a number of days in a given year. A realistic example of service would be as follows.

1. A minimum of twelve regular board meetings per year. These meetings are typically held at the headquarters office in Custer on the first Tuesday after the third Monday of each month. Meetings start at 8:30 a.m. and are usually over by 4:00 p.m.
2. Involvement in Cooperative training courses, seminars, and conferences for a total of between 5 and 15 days per year. These meetings normally last from two to four days each and are held at various locations throughout the year.
3. Attendance at the annual meeting of members, and from time to time, local area meetings.

ARTICLE IV DIRECTORS

SECTION 1. General Powers. The business and affairs of the Cooperative shall be managed by a Board of seven Directors elected two from the geographical area of Custer and Shannon Counties, two from the geographical area of Fall River County, and three from the geographical area of Meade, Pennington and Lawrence Counties, which said Board of Directors shall exercise all of the powers of the Cooperative except such as are by law, the articles of conversion or by these Bylaws conferred upon or reserved to the members.

SECTION 2. Election and Tenure of Office. The Directors of the Cooperative shall be elected by secret ballot by and from the members of the Cooperative. If only one Director candidate is nominated for a Director's position in a geographical area as provided by Article IV, Section 4, no election shall be held for that Director's position and the Chairman of the meeting shall declare the sole Director nominee to be elected. In 2015 the Director representing the Meade, Pennington, and Lawrence Counties geographical area receiving the most votes shall be elected for a term of three years and the Director representing the Meade, Pennington, and Lawrence Counties geographical area receiving the second most votes shall be elected for a term of two years. In the event of a tie vote or in the event no election is held because there is only one nominee for each position, the Director elected for the term of two years shall be determined by drawing of lots. In all other elections Directors shall be elected for a term of three years and shall serve until their successors have been elected and qualify. If an election of Directors shall not be held on the day designated herein for the annual meeting, or at any adjournment thereof, a special meeting of the members shall be held for the purpose of electing Directors within a reasonable time thereafter. Directors may be elected by a plurality vote of the members.

SECTION 3. Qualifications. No person shall be eligible to become or remain a Director of the Cooperative who has been employed by this or any other electric cooperative during the previous five years, or who is a close relative of an incumbent Director or of an employee of the Cooperative, or who has been convicted of a felony in any court of law in the United States of America, or who is not a member in good standing of the Cooperative and receiving service therefrom at his or her primary residential abode.

No person shall be eligible to become or remain a Director of, or to hold any other position of trust in, the Cooperative who does not have the legal capacity to enter into a binding contract or is in any way employed by or financially interested in a competing enterprise, or electric utility, or a business selling electric energy to the Cooperative, or a business primarily engaged in selling distributed generation equipment such as wind turbines, solar systems, or fuel cells 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 a 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 contained in this Section 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.

SECTION 4. Nominations. It shall be the duty of the Board of Directors to appoint not less than forty-five days or more than one hundred eighty days before the date of the meeting of the members at which Directors are to be elected, a committee on nominations consisting of not less than five nor more than eleven members who shall be selected from different sections so as to insure equitable representation. No member of the Board of Directors may serve on such committee. The committee, keeping in mind the principle of geographical representation, shall prepare and post at the principal office of the Cooperative at least thirty days before the meeting a list of nominations for Directors which may include a greater number of candidates than are to be elected. Any fifty or more members acting together may make other nominations by petition not more than one hundred twenty days nor less than thirty 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 days before the date of the meeting, a statement of the number of Directors to be elected and the names and addresses of the candidates, specifying separately the nominations made by the committee on nominations and also the nominations made by petition if any.

BLACK HILLS ELECTRIC COOPERATIVE, INC.
CUSTER, SD 57730

BOARD POLICY NO. 107

QUALIFICATIONS FOR DIRECTORSHIP

I. OBJECTIVE:

To state the opinions of the board of directors, based upon past and present experience and potential future problems, on desirable qualifications that have been determined to be essential characteristics of those individuals who are elected to succeed such directors.

To provide and to inform the membership of guidelines for those persons nominated and voted upon for service as a member of the board of directors of the cooperative.

To provide the membership with a means of assuring themselves of the election of members to the board of directors who are qualified to carry out the ideals and objectives, formulate policy, develop plans, and insure their execution.

II. POLICY CONTENT AND PROVISIONS OF THE ARTICLES:

The board of directors determines that the policy contained herein shall be used as a guide when considering the qualifications for directorship:

- A. The nominating committee and any member or members that nominate an individual to be voted upon for election to the board of directors of the cooperative shall be aware of and should carefully and seriously consider the following legal and other requirements and personal qualifications before such a nomination is entered.
The person nominated:
 - 1. Must be a member and a bona fide resident of the cooperative.
 - 2. Must be willing to promote and safeguard the interests of the cooperative.
 - 3. Will be required, and therefore must be able to represent the entire membership on an impartial basis for the good of all.
 - 4. Must not be employed by or in any way financially interested in a competing enterprise or business selling electric energy or electrical supplies, appliances or other items as provided by the Bylaws.
 - 5. Must be willing to attend regularly scheduled and special meetings of the board of directors, national, state, and other meetings of organizations with associated interests that further the cooperative movement, and training institutes or seminars that will aid in keeping him/her well informed on matters affecting the cooperative.
 - 6. Should be aware that members of the board of directors serve without salary and on a fee basis only for time given to regularly scheduled and approved affairs of the cooperative plus reimbursement for all reasonable expenses in connection with such activities.
 - 7. Should agree to serve the term of office for which elected until a successor has been appointed or elected and qualified.
 - 8. Must not have been employed by this or any other electric cooperative during the previous five years.
 - 9. Must not be closely related to an employee or incumbent director of the cooperative.
 - 10. Must complete FD-258 (fingerprint identification card) and pass a federal background check as a "responsible person" for submission of ATF Form 5400.135400.16 (Application for Explosives Permit).
- B. Services as a director shall include the following responsibilities for growth development, for keeping himself/herself and others informed, and for participating in all functions of the board:
 - 1. To expend the effort needed to understand the cooperative's problems and to provide the judgment needed to reach decisions in constantly changing circumstances. Each director shall strive to take one NRECA or SDREA sponsored training course or seminar each year he/she is a director of Black Hills Electric Cooperative and strive to obtain their director's certificate within a reasonable amount of time.
 - 2. To support all official decisions and actions made or taken by a majority of the board.
 - 3. To conscientiously study the information contained in reports submitted to the board.

4. To contribute to the development of statements on functions and responsibilities of board members and to work toward their constant improvement.
 5. To objectively evaluate and consider the questions and problems with which the cooperative is faced.
 6. To keep informed as to the ideals and objectives of the cooperative and to further study and analyze the policies, plans and problems that result from efforts to achieve such ideals and objectives.
 7. To keep informed on, alert to, and aware of the attitudes of the members, the employees, and general public toward the cooperative's objectives and policies.
 8. To inform all interested people about the cooperative's ideals, objectives, programs and services.
- C. The nominating committee, and any member(s) who nominate an individual to be voted upon for election to the board of directors shall consider the following suggested questions when reviewing the personal qualifications of the proposed nominee:
1. What is the business record of the individual and what has management of his own affairs indicated as to the possession of sound business judgment?
 2. What is the judgment of the proposed nominee's neighbors as to his demonstrated capacity for leadership and his reputation for honesty and integrity?
 3. What has the proposed nominee done that would demonstrate his/her capacity for working with others?
 4. What are ideals and objectives of the proposed nominee as they relate to cooperative principles and philosophy?
 5. What are the problem areas that the proposed nominee might encounter when helping his/her fellow members obtain a more complete understanding of the cooperative and its activities and problems?
- D. This policy shall be in addition to the requirements stated in the Articles of Incorporation and the Bylaws and is intended to serve as a guide in keeping nominating committees and members informed on their nominating and voting obligations.

III. RESPONSIBILITY:

- A. The president shall make certain that a copy of the provisions of this policy is given to each member of the nominating committee and further will cause such relevant portions of the policy to be published in the news media of the cooperative.
- B. The president is responsible for determining that this policy is adhered to and made known to interested persons at all times.
- C. The president is responsible for having any known candidate, appointee, or director sign the Affirmation of Director Qualification (Exhibit 107-A) and file it with the general manager.

Effective Date:	February 11, 1985
Revision #1:	October 22, 1991
Revision #2:	October 26, 1993
Revision #3:	November 21, 2000
Revision #4:	April 16, 2002
Revision #5:	October 17, 2007
Revision #6:	July 27, 2010
Last Reviewed:	October 20, 2020

Director Qualifications and Affirmation

The Bylaws of Black Hills Electric Cooperative set forth the qualifications required to be eligible to become or remain a Director of the Cooperative. **Please complete all questions on this form.**

1. Are you related to a current director or employee of the Cooperative?
☐ Yes ☐ No Relationship: _____
2. Are you currently a member of Black Hills Electric Cooperative and receiving electric service from the Cooperative at your primary residence located in the geographic district you are seeking to represent?
☐ Yes ☐ No
3. Do you have the legal capacity to enter into a binding contract? ☐ Yes ☐ No
4. What is your occupation (name and address of employer)? _____

5. Are you employed by or financially interested in a competing enterprise or electric utility or business selling electric energy or supplies to the Cooperative? *
☐ Yes ☐ No

Please explain: _____

*** This can include, but is not limited to: employment or stock ownership with Black Hills Energy, Montana Dakota Utilities; electric cooperatives or other electric utilities; ownership, investment or employment with propane or fuel oil dealerships; or a business engaged in selling distribution generation equipment, such as wind turbines, solar systems or fuel cells.**

Exhibit 107-A

BLACK HILLS ELECTRIC COOPERATIVE, INC.

AFFIRMATION OF DIRECTOR QUALIFICATIONS

I, the undersigned, hereby affirm that I have read the attached Article IV, Sections 1-4 of Black Hills Electric Cooperative's bylaws and cooperative Policy No. 107 on Qualifications for Directorship to be elected or appointed to and to serve on, the cooperative's board and that I am qualified in accordance with the policy and bylaws to be nominated and elected or appointed as a cooperative board member or, as an incumbent, to continue serving as such board member as the case may be.

I have accordingly signed my name hereto and had the same witness this ____ day of _____, 2024.

MEMBER:

Print Name

Signature

Address

Phone number

WITNESS:

Print Name

Signature

Address

Phone number

Application Checklist

Applicants for a position on the Board of Directors of Black Hills Electric Cooperative should submit the following for review by the nominating committee no later than Friday, February 9:

☐ **Cover Letter**

Why do you want to be a director of Black Hills Electric Cooperative?

Why do you believe that you would be a good director?

What are your ideals relating to the cooperative principles and philosophy?

☐ **Résumé**

- Education
- Experience
- Civic Activities
- Leadership Roles

☐ **Affirmation of Director Qualification — Exhibit 107-A**

☐ **Director Qualification and Affirmation Form**

Complete the attached form, sign it in front of a witness and include it with your résumé.

☐ **Interview**

If selected for an interview, I know that I must be available to be at the cooperative's office any time on March 1, 2024.

Send the above items to:

Black Hills Electric Cooperative

P.O. Box 792

25191 Cooperative Way

Custer, S.D. 57730-0792

All documents must be received by 5 p.m. on

February 9, 2024