



MESSAGE FROM THE GENERAL MANAGER

2020 Election & Annual Meeting

As a Kootenai Electric Cooperative (KEC) member, you have a say in how the cooperative is run and the decisions that are made. One way to participate and learn more about KEC

is to attend the annual membership meeting and vote in our election. Unfortunately, the coronavirus pandemic and social distancing have created some challenges for KEC's traditional annual meeting plans. The annual meeting, originally scheduled in May, has been rescheduled for July 8, 2020, at the KEC office in Hayden.

To facilitate this meeting without requiring a quorum of 150 members to participate in person, we will be conducting an election by mail and online. **Please note: in-person voting will not be available at the Annual Meeting.**

KEC's board of directors and corporate attorney are recommending the ratification of three proposed amendments to KEC's bylaws. For your convenience, you can vote in one of two ways:

1. **By Mail:** Use the enclosed paper ballot and postage-paid return envelope.
2. **Online:** Use a web browser on your smartphone, tablet or desktop to vote. Just enter the web address, user ID and password included on the enclosed paper ballot.

If you plan to vote online, please do so by June 24, 2020. Mail-in ballots must be postmarked by June 24, 2020, to be counted. Votes will be tabulated at the annual meeting by our Credentials and Elections Committee. This committee ensures the election is handled in accordance with KEC's bylaws. The results will be announced at the annual meeting and in our August newsletter.

Proposed Bylaw Revisions

Page 2 of this booklet provides an overview of the board's proposed amendments to the bylaws. Page 3 details the specific changes. Please read this information carefully.

Director Elections

Board of director districts 3 and 4 are up for election in 2020 and there is one candidate per district. Per KEC's

bylaws, if there is only one candidate per district seeking election, then the candidate is elected by acclamation at the annual meeting. No voting by mail or online is necessary for directors. Learn more about the candidates on page 4.

Election Prizes

Members who cast their votes online and have a KEC SmartHub account will be entered into a drawing for a \$300 KEC bill credit or Visa gift card (member's choice). Visit www.kec.com to learn how you can register as a SmartHub user. Those voting by mail or online without a SmartHub account will be entered into a drawing for one of three \$100 KEC bill credits or Visa gift cards.

Annual Meeting Details

- When:** Wednesday, July 8, 2020
Registration: 5:30-6 p.m.
Meeting: 6-6:20 p.m.
Where: Kootenai Electric Cooperative Headquarters
2451 W. Dakota Ave. in Hayden

The meeting will also be streamed live on Facebook, watch our Facebook page for details.

KEC's bylaws state that we are required to hold an annual meeting. Since we do not know what the state of COVID-19 will be in July, we may need to limit the number of attendees. Because of this, we are implementing some changes to this year's meeting to protect our members and employees from unnecessary risk. The meeting will be condensed to only what is required by KEC's bylaws. Cooperative updates offered to members attending the annual meeting will instead be summarized in our written annual report and through other venues such as our *PowerLines*. Regrettably, food and beverages will not be served and prizes/gifts will not be distributed this year. For the safety of our members and employees, please stay home if you are feeling sick or have flu-like symptoms.

I encourage you to take the time to vote. Your voice counts and is important to us. Should you have any questions about the candidates or proposed amendments, please contact us at kec@kec.com or 208.765.1200.

Sincerely,

Doug Elliott
General Manager/CEO

PROPOSED AMENDMENTS TO KEC'S BYLAWS

The board of directors recommends to the membership that the cooperative's bylaws be amended as proposed below. A majority vote is required to amend the bylaws.

Each proposal is color-coded so you can quickly find the changes in the text of the document. Provisions sought to be deleted are lined through. Provisions proposed to be added are in colored font. Each proposal will be voted on separately. Following is a summary of proposals being recommended to the membership for adoption:

Proposal 1: Changes to Quorum

Currently the cooperative bylaws stipulate that 150 members must be present in person or by ballot to constitute a quorum for the transaction of business at annual meetings or special meetings of the members. The proposed change revises the manner in which a member may participate in meetings to attending in person, submitting a ballot, and/or engaging via online or other permissible electronic means. Current Idaho law requires in-person attendance at meetings to fulfill quorum requirements; however, the coronavirus pandemic, the consequent national emergency, and in-person quorum requirements make it difficult to conduct a timely annual meeting to share the state of the cooperative with members when assembly of more than 10-50 people is highly discouraged, if not banned. While state law currently does not allow for online or other electronic member meetings for the purpose of transacting business, this change contemplates a future change in state statute to allow the board of directors the flexibility to conduct meetings electronically and in the event a meeting cannot be held physically for the safety of the cooperative's members. Such a change in state statute will be something the cooperative pursues in partnership with its other strategic peers in this coming year. The membership's ratification of this change will help communicate to the state legislature our membership's support of this measure and is seen as an important first step.

Proposal 2: Capital Credits

The bylaws allow the cooperative to use discounted capital credits to pay off unpaid balances left by members when they move off KEC's system. Doing so ensures that capital credits are not paid to a member who left an amount owing to the cooperative and

safeguards the membership from unnecessarily covering the cost of a member's unpaid bill(s). However, due to an accounting system limitation, it is not possible to distinguish between (1) members who have left and stayed off the system and (2) members who have left the system and then returned, making them technically "current" members. The proposed change allows the cooperative to utilize discounted capital credits to recoup any debt owed by a member, regardless of when the debt was incurred.

Proposal 3: General Administrative Clean Up Credentials and Elections Committee

The bylaws state that the Credentials and Elections Committee shall have responsibility to answer all questions with respect to the registration of members. In practice, the Credentials and Elections Committee defers questions regarding member registration to KEC staff and instead focuses on issues surrounding balloting.

Nominations

The sentence regarding the date nominations are to be submitted to the board secretary has been moved to the first paragraph from the paragraph defining the role of the Nominating Committee. The change is proposed for clarity and results in no formal change in requirements.

The following page outlines the changes proposed to an abbreviated version of KEC's bylaws. A full version of the document and the proposed changes are available at www.kec.com or by calling our office at 208.765.1200.

Official Notice of the KEC Annual Meeting

The 82nd annual meeting of the members of Kootenai Electric Cooperative, Inc., will be held at 6 p.m., Wednesday, July 8, 2020, at the Kootenai Electric Cooperative headquarters, located at 2451 West Dakota Ave. in Hayden, Idaho.

Pursuant to the bylaws of the cooperative, the meeting is called for the purpose of considering or acting upon the following:

1. Reports of officers and committees
2. Election of directors
3. Any other business that may be legally transacted

SUMMARY OF PROPOSED AMENDMENTS TO KEC'S BYLAWS

Article II: Meeting of Members

Section 4. Quorum. One hundred fifty (150) of the active members participating in a meeting either present in person or by ballot shall constitute a quorum for the transaction of business at all annual meetings and all special meetings of the members. In the event of a proposed sale, merger, dissolution or consolidation of the cooperative, a quorum of fifty (50) percent of the active members participating in a meeting or special meeting, either present in person or by ballot, shall be required. A member's participation in an annual meeting may include attending in person, submitting a ballot, and/or engaging via online or other permissible electronic means.

Section 8. Credentials and Elections Committee. The board of directors shall, prior to any annual or special meeting of the members, appoint a Credentials and Elections Committee consisting of an uneven number of members, not less than 5, nor more than 9, who are not existing directors, or known candidates for directors to be elected at such meeting and who are not close relatives or members of the same household of existing directors or known candidates. In appointing the Committee, the board shall have regard for equitable representation of the several areas served by the Cooperative. In addition to any other duties or responsibilities set forth by the board, it shall be the responsibility of the committee to pass upon all questions that may arise with respect to the registration of members; the validity of ballots, to count all ballots cast in the election or any other ballot vote taken and to rule upon the effect of any ballots irregularly marked.

Section 13. Member Waiver of Notice. In any manner to be prescribed or determined by the board, a member may waive notice of a member meeting, or of a matter to be considered, or voted or acted upon, at a member meeting, by signing and delivering to the Cooperative a written waiver of notice either before the member meeting or within three (3) days after the member meeting. Unless a member objects in writing to holding a member meeting, transacting business at the member meeting, considering, voting or acting upon, a matter at a member meeting, the member's attendance in person at participation in the member meeting and/or the submission of a vote shall serve as an automatic waiver of the member's objection to lack of notice or defective notice and shall likewise serve as an automatic waiver of the member's objection to considering, or voting or acting upon, any matter at the member meeting.

Article III: Directors

Section 3. Nominations. On an annual basis, the board of directors shall set forth and establish a date

whereby all director applications shall be submitted to the board secretary (herein the "Application Deadline"). With respect to any given election, a member may be nominated, whether by the Nominating Committee or by petition, to run for a single board position and may not run for multiple board positions. All nominations shall be submitted to the board secretary no less than ninety (90) days prior to the annual member meeting (herein the "Nomination Deadline").

a. **Nominating Committee.** It shall be the duty of the sitting members of the Nominating Committee to nominate and elect, on an annual basis, seven (7) members to the standing committee on nominations. All Nominating Committee Nominations shall be submitted to the board secretary no less than ninety (90) days prior to the annual member meeting (herein the "Nomination Deadline"). Appointees to the standing committee on nominations shall serve a term of one (1) calendar year. Standing committee on nominations members shall be selected so as to give equitable representation on the committee to the geographical areas served or to be served by the Cooperative. Nominating Committee members may not be an existing, or a close relative of an existing, Cooperative officer, Cooperative director or known director candidate. If, before the Nomination Deadline, a Nominating Committee member dies, becomes incapacitated or ceases to be qualified to serve on the committee, the remaining members of the Nominating Committee may nominate another individual to replace the prior member. As determined by the board of directors, the Cooperative may reasonably compensate or reimburse Nominating Committee members.

Article VIII: Revenues and Receipts

Section 2. Patronage Capital in Connection with Furnishing Electric Service. Except as provided herein, no members or former members of the Cooperative shall have the right to demand the return of their patronage capital, merely because their membership in the Cooperative has terminated or they have otherwise ceased receiving electric service from the Cooperative. Provided, and notwithstanding any other provisions of these Bylaws, the board of directors, at its discretion, shall have the power at any time to establish and determine the method, basis, timing, priority and order of the mandatory discounted retirement of capital credits: (i) upon a member's membership in the Cooperative being terminated; (ii) in the event a former member owes any form of indebtedness to the Cooperative upon departure from the system; and/or (iii) when otherwise deemed appropriate with respect to a member or former member's account.

DIRECTOR CANDIDATE BIOS

Board of Director districts 3 and 4 are up for election in 2020 and there is one candidate per district. Per KEC's bylaws, if there is only one candidate per district seeking election, then the candidate is elected by acclamation at the annual meeting.



---District 3---

Todd Hoffman, Coeur d'Alene

KEC Member: 7 Years

Nominated by Nominating Committee

I have been a KEC Director since 2014 and I am running as your representative for District 3. I possess more than 20 years of experience working in a global business environment across a wide range of industries including transportation, technology, energy and natural resources. I have held senior leadership roles in strategy, finance, information technology and marketing. In the energy sector I was responsible for pricing strategy and policy with GE Energy's Power and Water Division where I managed annual revenue streams of over \$2.1 billion. I have led many large-scale, multi-year technology projects, as well as a variety of major strategic business initiatives.

I am a fourth generation native of North Idaho, and my great-grandparents were among the charter members of the Cooperative. After spending many years living on the east coast, I returned to Idaho permanently in 2008 and currently reside in Coeur d'Alene. In my spare time I enjoy many of Idaho's outdoor pursuits including hunting elk, fly fishing and skiing. I am an active member of the Inland Northwest technology community.

I hold a BBA in International Business from Boise State University, and a Master of Science degree in Predictive Analytics from Northwestern University.



---District 4---

David Bobbitt, Coeur d'Alene

KEC Member: 28 Years

Nominated by Nominating Committee

I have been a KEC Director since 2014 and I am running as your representative for District 4. I currently serve as the Audit Committee Chair on the KEC Board of Directors. I am the past Chairman and Chief Executive Officer of Community 1st Bank. Community 1st Bank was chartered as an Idaho State Bank on June 1, 2007 and was a \$130 million bank with two branches in Coeur d'Alene and one in Post Falls. Recently, Community 1st Bank merged with First Interstate Bank where I now serve in a public and governmental relations role.

I attended North Idaho College and have post-graduate degrees from Pacific Coast Banking School-University of Washington, 1981, and the International Seniors Program-School of Business, Harvard University, 1995. I have nearly 50 years of experience working in the banking industry and am actively involved in my local community. In addition to serving on the KEC Board of Directors, I also serve on the following boards: Kootenai Health and the Livestock Sale Booster Club.

I have also held past president positions with the Idaho Bankers Association, Post Falls Chamber of Commerce, Coeur d'Alene Chamber of Commerce, North Idaho Fair Board, Coeur d'Alene Chamber of Commerce-Legislative Committee, Bureau of Land Management Advisory Council and Pacific Coast Banking School. Additionally, I have served as a past board member of the Federal Home Loan Bank, Coeur d'Alene Chamber of Commerce, Pacific Coast Banking School, Western Independent Bankers, Habitat for Humanity of North Idaho and Spokane, the Idaho-Oregon Bankers Association, the University of Montana Business School Advisory Board, the Idaho Association of Commerce and Industry, the University of Idaho College of Business and Economics Advisory Board and was vice chair of the America's Community Bankers Commercial Lending Committee.

In my spare time I enjoy hunting and spending time at the lake with my family.