



Local Connections



President to Member

Roger G. Yoder

Board of Trustees election process has begun

The Annual Meeting of Members is scheduled for May 8. One of the basic and most important principles of the cooperative business structure is democratic member control. Members need to understand they have the ability to actively participate in setting policies and making strategic decisions for their cooperative by electing representatives to the Board of Trustees. The Board encourages your involvement in this democratic process by voting and hopefully attending the annual meeting to hear about energy and other issues about your cooperative.

Nominating Committee Appointed

Although the Annual Meeting is a long way off, the process to select nominees to stand for election for the Board of Trustees has already started. The Board appointed a nominating committee at the Dec. 15 board meeting. The members of the nominating committee will be published in the next issue of *Country Living*. The Code of Regulations states the Board has the duty to appoint, not less than sixty (60) days nor more than one-hundred and fifty (150) days before the date of the annual meeting a committee on nomina-

tions consisting of not less than five (5) nor more than eleven (11) members who shall be selected so as to ensure equitable representation on the committee to the geographic areas consisting the service area of the cooperative. The procedure followed by the

Board is to appoint one member from each district and two from those districts that stand for election. The Code further requires no member of the nominating committee can be an employee, trustee, member of an employee or trustee family by blood or marriage or has served on the committee in the last four years.

The Nominating Committee has the responsibility to provide a slate of qualified nominees to the secretary no less than seventy (70) days prior to the annual meeting.

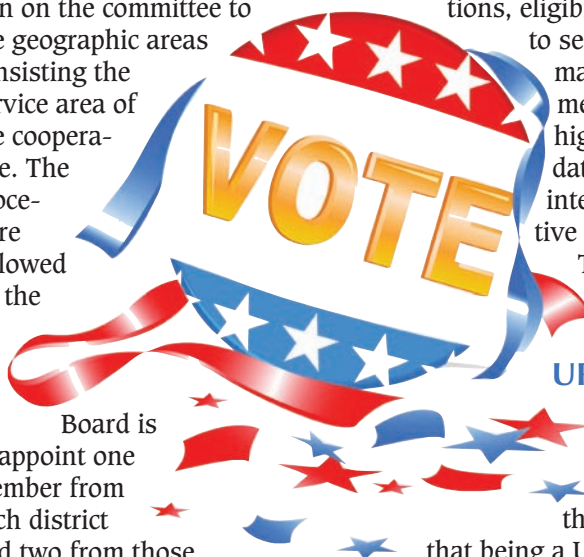
There must be a minimum of two candidates for each district up for election. The process to determine a member's qualifications, eligibility and willingness to serve has changed dramatically to ensure the membership has the highest quality candidates to serve their interests as representative on the Board of Trustees.

What Does It Take to Be a URE Trustee?

Many members and the general public may have the wrong impression that being a URE Trustee is simple and not much is required or expected. Most don't understand the tremendous responsibilities of being a Trustee of the URE Board. Maybe you have considered running for the Board of Trustees. So what are the requirements and expectations of a URE Trustee?

First of all, Ohio electric cooperative board members are trustees not directors like in almost all other states.

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LOCAL CONNECTIONS: Brad Gibson - VP Communications
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BOARD OF TRUSTEES:
 Jeff Wilson, Chairman
 Jeff Reinhard, Vice Chairman
 Patricia Baker, Secretary
 Bill D'Onofrio, Treasurer
 Dr. Garnard Boner
 Dale Scheiderer
 David Thornton

President to Member

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Understanding Board of Trustees versus Board of Directors

— Bob Mone, Attorney, Thompson Hine

Electric cooperatives in Ohio have board of trustees not boards of directors like most other states. When the electric distribution cooperatives were being formed in Ohio in 1936, the Ohio Attorney General, John Berker, offered a legal opinion that it would be improper to attempt to organize electric cooperatives under the only statute that existed in Ohio at that time relating to cooperatives. That statute simply did not apply for technical reasons. Therefore, the decision was made to organize under the Ohio nonprofit corporation section which covers the American Red Cross Organization and all kinds of charities in addition to electric cooperatives.

Leaving aside legal technicalities, using the term “trustee” to describe those serving on electric cooperative

board, has an English language connotation of a person or group that has been entrusted with a responsibility and that trust and confidence has been placed in them by their members. They have been elected given a very important responsibility. Trustees are to protect, preserve and defend the assets of this entity called the local cooperative. In addition, to do all they can to carry out the purposes and objectives of this entity.

A board of directors technically has the same legal duties by statute and case law but has a different connotation. Direction means I give orders, I am a boss, I have authority, I direct, order, command or resolute. Certainly, a board of trustees does that too, but it is a matter of different emphasis. In one case it is the emphasis upon the power that the board members have. In the case of trustees, the emphasis is upon the responsibility that you have. Of course you have the power to carry out the responsibility but that is secondary.

Time Commitment – Meetings and Review of Material

A Trustee is responsible for, and must actively participate in, the governance of the business and affairs of the cooperative. The Board of Trustees of the cooperative is quite active. It is anticipated that you will spend a minimum of 22 to 24 days, on an annual basis, attending meetings of the Board of Trustees and general membership, meetings of affiliated organizations and training and education seminars. A survey by the National Rural Electric Cooperative Association found on a monthly basis, board members typically spend almost five hours at their regular board meeting and another 20 hours at other meetings, activities, training, reading, etc.

Understand Board Governance

Because of corporations like Enron, Adelphia, Global Crossing, Tyco and Worldcom, the Sarbanes-Oxley Act was passed to increase accountability of corporate executives, improve corporate governance and internal control systems, and enhance financial disclosures and board and auditor independence. Ethics and morality has a renewed focus in the corporate structure. While the law applies to corporations governed by the SEC, there has been a cascade effect to nonprofits as well. Boards have more responsibility and accountability today than before the Sarbanes-Oxley Act of 2002 was passed. Beefed up guidance and training related to corporate governance is a must.

Board Purpose/Governance

What is the purpose of a board of trustees? John Carver, author, has written many books and articles on board governance. He says *“The purpose of the board of trustees is to translate member-owners wishes into organizational performance and that’s the value it brings.”*

Here are some typical member/owner wishes:

- Reliable electric service (continuity)
- Quality power (clean consistent current)
- Safe operation of plant and equipment

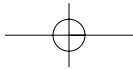
What Are the Trustee Eligibility & Qualification Requirements?

Code of Regulations:

- a. No member elected to the Board of Trustees after January 1, 2005 shall be more than 72 years of age on or before the date of his or her election to the Board of Trustees.
- b. No person shall be eligible to become or remain a member of the Board who:
 1. Is not a member and bonafide resident in the particular district within the service area of the cooperative which is to be represented; or
 2. In any way employed by or financially interested in a competing enterprise or a business selling electric power and/or energy or supplies to the Cooperative, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the cooperative; or
 3. Is, or has been, within five (5) years of the date of the election or proposed appointment, an employee of Union Rural Electric Cooperative, Inc., or any of its subsidiaries.
 4. Fails to attend four (4) regular board meetings in one calendar year; or
 5. Misses three (3) consecutive regular board meetings unless excused by a majority vote; or
 6. Is, or has been, convicted of a felony offense or criminal offense

Board Policy Eligibility Requirements

- a. Cannot be related to an employee or trustee by blood or marriage
- b. Must attain the NRECA Credentialed Cooperative Director certification within the first term (three years)
- c. Must attend one line crew safety observation prior to running for another term
- d. Be proficient in the use of a personal computer, Internet and email



- Environmental stewardship
- Impeccable integrity and trustworthiness
- Operational efficiency and effectiveness
- Friendly and convenient business transactions
- Prompt courteous response to requests
- Fair and competitive rates
- Information and education (where appropriate)
- Local (easy access when needed)

Basic concepts of Board governance – John Carver

- The purpose of a board is to create value for the owners.
- A board governs on behalf of all the owners.
- The value it creates is that it translates owners wishes into **company performance**.
- A board has powerful legal **authority**:
- The highest authority
- The initial authority (direction starts here on behalf of owners)
- “Final authority” is a reactive concept (and a bad habit of boards)
- A board is **accountable** for

everything about a company.

- A board only has **authority and accountability as a group**. (*An individual board member is responsible for any damage caused by his/her inappropriate behavior while acting as a trustee outside the board assembled.)
- A board should maximize delegation.
- A president/CEO is a primary delegate.

Ten Principals of Governance

– John Carver

1. The trust in trusteeship
2. The Board speaks with one voice or not at all
3. Board decisions should be policy decisions
4. Boards should formulate policy by determining the broadest values before progressing to more narrow ones
5. The board should define and delegate rather than react and ratify
6. Ends determination is the pivotal duty of governance
7. The board can best control staff means by limiting not

prescribing:

8. The Board must explicitly design its own products and process
9. A Board must forego a linkage with management that is both empowering and safe
10. Performance of the president/CEO must be monitored rigorously, but only against policy criteria

One of the most important duties of a Board of Trustees of an electric distribution cooperative in Ohio is clearly to the best of your ability that the cooperative is always operating in accordance with cooperative principals.

Unity of a board of trustees is meant that as a duty that if you do not agree with what is being discussed, you speak up, present your views, marshal your arguments and state your position, listen to others stating their views but once a vote has been taken, you support the decision.

For more information on the role of the Board of Trustees or the election process, visit www.ure.com.

URE Board Pledge • Responsibilities of Trustees • A Cooperative Trustee’s Pledge

I pledge to do my best for the Cooperative association that has elected me to serve in a position of honor and trust.

I WILL:

- Above all things be honest and diligent;
- Place the interest of the cooperative above my own personal interest;
- Give as careful attention to the affairs of the cooperative as I give my own business;
- Give the necessary time to Board meetings and other deliberations;
- Study the business and problems of the cooperative, and the broader considerations that affect its welfare;
- Strive for continued and increased efficiency in the association;
- Be prompt and attentive at all meetings of the directors so that there is no loss of valuable time;

- Do independent and creative thinking, express my honest opinion, and not be a rubber stamp;
- Be open minded and a team worker and realize that the individual views of Board members cannot always prevail;
- Remember that the majority rules and that the minority must fall in line;
- Present the views of the Board of Trustees to fellow members, rather than my own, whenever I speak for the cooperative;
- Represent the cooperative in its entirety and not just the members from my community;

- Do all in my power to have the cooperative controlled democratically, including the election of directors;
- Welcome new ideas or “new blood” as a means of keeping life in the cooperative and the service to the patrons at a high level;
- Do everything possible to inform members and patrons of established policies & programs of the cooperative;
- Be a good listener to the reactions of the members & patrons as a means of better shaping the policies of the cooperative;
- Curb emotion and apply reason and common sense to all problems.

I WILL NOT:

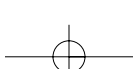
- Consider myself indispensable;
- Expect any special privileges from the cooperative because I am a director;
- Become financially interested in any business or agency that has interests adverse to those of the cooperative;

- Interfere with the management, but will limit myself to the formulation of business and management policies;
- Discuss the affairs of the cooperative with employees, other than the management, unless delegated by the

Board of Trustees to do so;

- Carry grudges against other directors, the management, employees, members or patrons.

Prepared by W.H. Dankers, Extension Economist in Marketing University of Minnesota. St. Paul 8, Minnesota



Serve your co-op, serve the community

Interested in making a difference and leading Union County?

The call for interest in running for the URE Board of Trustees went out in December. Postcards were mailed to members in: Jerome and Allen townships in Union county. These townships cover districts 2 & 7.

What does it take?

It is always helpful to have enthusiastic, community-minded individuals with a good sense for business as candidates.

Trustees serve three-year terms. Nominees may be named by the nominating committee when it meets on February 2 or they can be nominated by petition.

There is an information form to complete that helps the com-

mittee determine eligibility and selection of candidates.

Is it worth my while?

This is truly a public service. Trustees are paid a per diem for attendance at regular monthly board meetings and for any special meeting of the board, committee meeting, attendance at other affiliated organization meetings of which the Cooperative is a member, education, training seminars and/or the performance of their duties otherwise.

Our cooperative relies on the sound decision making of the representative members elected by their peers to steer the organization. As a Trustee, you will be making a significant contribution to URE and the quality of life in Union County.

Capital Credit Refunds

The URE Board of Trustees approved the return of \$496,871 to the membership at its November 2009 regular meeting. To continue our efforts to reduce costs and go green, refunds to current members were distributed as "credits" on your December bills.



The URE Trustees are (from left) David Thornton, Bill D'Onofrio, Dale Scheiderer, Jeff Wilson, Jeff Reinhard, Pat Baker and Dr. Garnard Boner

Continuing our strategy to balance a return of older funds with new ones, so a larger share of the members would see a refund, this year's retirement returns 50 percent of margins

earned in 1992 and 5 percent from 2007.

Not-for-profit cooperative business model

Your cooperative works like many other for-profit businesses. In the standard business model, the amount of revenue that exceeds expenses is known as profit; for the cooperative those revenues are our margins.

These margins provide URE with the necessary equity required to operate and maintain the capital intensive business of an electric distribution utility. However, our not-for-profit status requires us to allocate those margins to each of our members. Over the course of time these allocated margins are retired and returned to the members that helped fund the cooperative.

The 2010 Race will take place for representatives of Districts 2 & 7

Nomination Timeline

Dec 15 ~ Board appoints nominating committee

Dec 22~ Postcards mailed

Jan. 5 ~ Member Interest cards due

Jan 6 ~ Interest cards validated for membership

Jan 21 ~ Candidate information forms due

Feb 2 ~ Nominating committee selects candidates

Feb 3 ~ 2nd Nominating committee meeting (if necessary)

March 1 ~ Last day nominations by petition can be filed

April 16~ Ballots mailed to members

May 5 ~ Last day ballot can be received

May 8 ~ Annual Meeting Marysville High School

Capital credit message

URE is pleased to be in a financial position to continue allocating and retiring margins to our members. Our dedicated employees, exemplary service, competitive rates, commitment to our community and the capital credits you receive help URE deliver the cooperative difference.

For more detailed information on capital credits please go to www.ure.com/capitalcredits.aspx.