



## Legislation Details (With Text)

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Date	Ver.	Action By	Action	Result
3/13/2020	1	Board of Directors	approved	Pass

### Resolution - Approval of Board Director Vacancy Method, Director District 3

**Submitted By:** Sylvia Romero  
**Department:** General Counsel

**Financial Impact and Cost/Benefit Considerations:** If any, as discussed by the Board of Directors on March 13, 2020.

**Option 1: No additional costs for conducting regularly scheduled 2020 Annual Membership Meeting and Director District 3 election. Director District 3 election ballot at next 2020 Annual Meeting is estimated at \$57,500 (based on 38,000 eligible voters) which is already in the 2020 operational expense budget.**

**Option 2: Additional Special Membership Meeting and election ballot is estimated at \$57,500 (based on 38,000 eligible members) and anticipated additional 500 staff hours, plus staff preparation for Membership Meeting.**

**Option 3: Search Committee and Appointment. Additional cost for Search Committee is estimated at \$1,400 (\$100 per member and per meeting (anticipate 7 members and 2 meetings), plus mileage per meeting. Anticipated additional staff hours is 240 staff hours but depended on process determined by the Board.**

There being a vacancy on the Board of Directors, District 3, the Board may consider how to address the vacancy pursuant to PEC's Bylaws.

### **PEC Bylaws, Article IV, Section 6** **Section 6. Vacancies.**

If one or more vacancy occurs on the Board of Directors, ("Vacancy"), the Board of Directors shall address the Vacancy by any of the following methods:

- (a) If there is just one (1) Vacancy, the Board of Directors may leave that seat unfilled until the next Annual Meeting, at which time the Members will elect a Director to fill the unexpired term of the Director's predecessor; or,

(b) The Board of Directors may call a Special Meeting to conduct a Director Election to fill the unexpired term of the Director whose departure led to each Vacancy; or,

(c) The Board of Directors may appoint a Committee consisting of from three (3) to seven (7) Members, each with a Voting Residence in a different Director District ("Search Committee"). No Search Committee Member may be an existing Director or a Close Relative of an existing Director or the Director whose departure created the vacancy. The Search Committee shall accept Director Nomination Petitions as defined in these Bylaws, on a schedule and with a signature requirement as determined by the Board, in no case to exceed the number of signatures required for a Director Candidate in an election. If no such petitions are received for any seat, or if no Nominee submitting a petition meets the Director Qualifications, the Search Committee shall attempt to identify at least one (1) and preferably more than one (1) individual who is qualified and willing to fill that Vacancy ("Committee Nominee"), and is not a member of the Search Committee. The Search Committee shall review all Nominee and Committee Nominee Director Qualifications, including primary residence, and present to the Board of Directors a list of those persons qualified for appointment to fill each Vacancy. The Board of Directors shall then appoint a Nominee or Committee Nominee to fill a Vacancy until the next Annual Meeting, at which time the Members shall elect a Director to serve the unexpired term of the Director whose departure created the Vacancy. If a Search Committee fails to present a Nominee or Committee Nominee for any seat, or if the Board fails to appoint or call a Special Meeting and Director Election fill a Vacancy, the Vacancy shall remain unfilled until the next Annual Meeting, at which time the Members shall elect a Director to fill each Vacancy for the unexpired term of the Director whose departure led to each Vacancy.

**Option #1:**

**WHEREAS**, there exists a vacancy on the Cooperative's Board of Directors ("Board"), Director District 3.

**NOW, THEREFORE, BE IT RESOLVED**, by the Board that such vacancy shall remain unfilled until the 2020 Annual Membership Meeting; and

**BE IT FURTHER RESOLVED**, that at the 2020 Annual Membership Meeting, Members within the vacant Director District will elect a Director to fill the unexpired term of the Director whose departure created the vacancy; and

**BE IT FURTHER RESOLVED**, that the General Counsel, or designee, is authorized to take all actions necessary to implement this resolution.

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**Option #2:**

**WHEREAS**, there exists a vacancy on the Cooperative's Board of Directors ("Board"), Director District 3.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board calls and authorizes a Special Membership Meeting to conduct a Director Election to fill the unexpired term created by the vacancy;

**BE IT FURTHER RESOLVED**, that the Special Membership Meeting shall be held on \_\_\_\_\_; and

**BE IT FURTHER RESOLVED**, that the Director Election be conducted, the extent feasible, pursuant to the Election Policy and Procedures, including with an Election Timeline and Communications Plan; and

**BE IT FURTHER RESOLVED**, that the General Counsel, or designee, is authorized to take all actions necessary to implement this resolution.

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**Option #3:**

**WHEREAS**, there exists a vacancy on the Cooperative's Board of Directors ("Board"), Director District 3.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of Directors wishes to appoint a Nominee or Committee Nominee to fill the vacancy until the next Annual Membership Meeting, at which time the Members in that Director District shall elect a Director to serve the unexpired term of the Director whose departure created the vacancy; and

**BE IT FURTHER RESOLVED**, that the following individuals are appointed to serve on the Search Committee to accept Director Nomination Petitions, review all Nominee Director Qualifications, including primary residence, and present to the Board of Directors a list of those persons qualified for appointment to fill the vacancy;

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_
4. \_\_\_\_\_
5. \_\_\_\_\_
6. \_\_\_\_\_
7. \_\_\_\_\_; and

**BE IT FURTHER RESOLVED**, that Director Nominee Petitions be accepted at PEC Headquarters in Johnson City, Texas until 5 p.m. on \_\_\_\_\_; and

**BE IT FURTHER RESOLVED**, that to be eligible for appointment Director Nominee Petitions must contain at least \_\_\_\_\_ signatures of Members eligible to vote in Director District 3; and

**BE IT FURTHER RESOLVED**, that Director Nominee Petitions, Applications, and the process of review be conducted, the extent feasible, pursuant to the Election Policy and Procedures, including contact information for Members who have questions about the nomination process; and

**BE IT FURTHER RESOLVED**, that the Cooperative will, to the extent reasonably feasible, employee communication efforts that inform PEC members of the vacancy, Search Committee, Director Nominee Petitions, application, timing, and process, and contact information for Members who have questions about the election process; and

**BE IT FURTHER RESOLVED**, that the Search Committee present to the Board a list of those persons qualified for appointment to fill each vacancy no later than the Board's \_\_\_\_\_ Regular Meeting; and

**BE IT FURTHER RESOLVED**, that if no Director Nominee Petitions are received, or if no Nominee submitting a petition meets the Director Qualifications, the Search Committee shall attempt to identify at least one (1), and preferably more than one (1), individual who is qualified and willing to fill the vacancy ("Committee Nominee"), and who is not also member of the Search Committee; and

**BE IT FURTHER RESOLVED**, that the Search Committee may elect its own officers (Chair and Secretary), and will have access to information gathered from various sources, including the Nominees themselves, public records, and the Cooperative; and

**BE IT FURTHER RESOLVED**, that the Cooperative will provide legal counsel and staff support; and

**BE IT FURTHER RESOLVED**, that the Search Committee should conduct Meetings as often as the Search

Committee determines that they are needed to perform the review of petition applications, and these meetings may be conducted by phone or at a place of the Committee's choosing; and

**BE IT FURTHER RESOLVED**, that Search Committee members are paid \$100 for each telephonic or live meeting lasting more than one hour; the Cooperative will reimburse mileage and reasonable meal expenses incurred by Search Committee members in the course of their service; and provide indemnification and protection from liability for Search Committee Members serving in that capacity as provided for in the PEC Bylaws; and

**BE IT FURTHER RESOLVED**, that at the 2020 Annual Membership Meeting, Members within the vacant Director District will elect a Director to fill the unexpired term of the Director whose departure created the vacancy; and

**BE IT FURTHER RESOLVED**, that the Chief Executive Officer, or designee, is authorized to take all actions necessary to implement this resolution.