

# **PROPOSAL FOR TRANSITION PLAN TO NEW BOARD OF DIRECTORS**

## **Introduction**

As part of the proposal to amend the Bylaws being submitted to the membership for approval, the Board is also proposing a transition plan to implement the change from eight to six Regions, eight to six General Directors elected by Region, and from one to three Independent Directors.

The transition to this new structure is fairly complicated because of the Region-elected Directors - four will be up for election in 2017, but the other four will not be up for election until 2019. Further, under Colorado Law, Directors cannot be removed from the Board by reducing the number of directors; they are effectively allowed to serve the term for which they have been elected. So, it is difficult to implement this transition in stages, and it is more easily accomplished at once, in 2019.

After detailed analysis of different options for implementing these changes, the Board is proposing that (i) the General Director seats up for election in 2017 will be contested under the current Regional system, with all four seats up for election in 2017, but those General Directors elected in 2017 will serve only a two-year term, through 2019, instead of the normal four-year term; (ii) in 2019, the new Regions will be implemented, and six General Directors will be elected in 2019, representing the six new Regions; (iii) to keep the terms of Board members staggered, in 2019 three General Directors will be elected to a two-year term through 2021, and three will be elected for a four-year term, through 2023. After that, all General Directors will be elected for four-year terms; and (iv) because some General Directors will be elected for two-year terms, their eligibility to serve in the future due to term limits must be addressed.

Therefore, as part of the proposal to amend the Bylaws, the membership is being asked to approve the following:

- 1. If approved by the membership, the following provision will be in place until the elections held in 2019:**

### ***Article VII Board of Directors – Add the following Section 3(i) to the Bylaws:***

**Transition to New Board Structure in 2019.** To effect the transition from eight (8) Regions to six (6), and from eight General Directors under the existing Bylaws to six (6) General Directors under the proposed Bylaws, there will be an election involving the four General Director seats scheduled for election in 2017. The term of office for those General Directors elected in 2017 will begin January 1, 2018 and will run through December 31, 2019, and will only be for a two-year term. In 2019, all six (6) General Director positions will be up for election, and voting will be held using the new six-Region system. The General Director positions representing the West, MidEast, and SouthEast Regions elected in 2019 will serve two (2) year terms, from January 1, 2020 through December 31, 2021, with elections for General Director from those three Regions then being held in 2021. The General Director positions representing the NorthCentral, SouthCentral and NorthEast Regions elected in 2019 will

serve four (4) year terms, from January 1, 2020 through December 31, 2023, with elections for General Director from those three Regions being held in 2023. The Nominating and Governance Committee will stagger the terms of the three (3) Independent Director positions such that the three (3) Independent Directors will not be up for election in the same year.

**Amendment Rationale:**

- *Transitions the Board to the new structure in 2019*
- *Complies with Colorado law by allowing current Board members to serve out their term limits*
- *Maintains staggering of the Board*

**2. If approved by the membership, the following provision will be in place until the elections held in 2025:**

***Article VII Board of Directors – Add the following Section 3(h) to the Bylaws:***

Term Limits. General Directors may serve two successive four-year terms. Any Director that serves two successive terms shall be required to take a minimum four-year hiatus from the Board. Thereafter, they may again serve up to two additional four-year terms. Any director who serves less than two successive four-year terms shall be required to take a hiatus equal to half the amount of time served before serving additional terms. This provision is subject to the following exceptions: (i) where an individual serves or has served as a replacement to complete the term of a Director, and where the replacement term lasts less than two years, the replacement term will not be considered a full term, and the individual serving as the replacement may serve two consecutive four-year terms in addition to the replacement term before taking a hiatus; and (ii) as part of the transition plan, some General Director positions on the Board that are elected in 2017 and 2019 will have two-year terms. Individuals serving on the Board for these two-year terms will be allowed to serve up to eight consecutive years (or more if the situation in subsection (i) above applies) on the Board before having to take a four-year hiatus.

**Amendment Rationale:**

- *Clarifies the term limits for General Directors during the transition period from eight (8) Regions to six (6) Regions.*