

RANDOLPH ELECTRIC MEMBERSHIP CORPORATION

POLICY NO. 432

SUBJECT: QUALIFICATIONS FOR ELIGIBILITY TO SERVE ON THE BOARD OF DIRECTORS

I. OBJECTIVE

The purpose of this policy is to publish the qualifications for election or appointment to, and service on, the Cooperative's Board of Directors and to establish necessary procedures, including an affirmation form.

II. POLICY

A. Certain qualifications are required by law and the Cooperative's Bylaws to become and remain a Director of the Cooperative. It is the responsibility of the Board of Directors to ensure that those qualifications are met. If the Board of Directors should determine that an incumbent Director, nominee, or potential appointee to the Board of Directors lacks or has lost any of the necessary qualifications, it is the duty of the Board of Directors to remove such incumbent or to declare such nominee or potential appointee ineligible for election or appointment.

B. General Requirements

Any person, to become and remain a Director of the Cooperative, shall, among other things:

1. Comply with applicable requirements of law, the Cooperative's Articles of Incorporation and Bylaws, the Cooperative's duly adopted policies, and the Cooperative's duly made decisions;
2. Assume a duty to act, in good faith, in the best interests of the Cooperative and its members;
3. Be loyal to the Cooperative and not have conflicting commercial or personal interests;
4. Be possessed of the minimum knowledge and skills necessary to manage the affairs of the Cooperative;
5. Be willing to devote such time and effort to the duties of a Director as may be necessary to manage the Cooperative's affairs;
6. Be able to represent the entire membership on an impartial basis;

7. Be willing and able 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; training institutes or seminars which will aid in keeping him/her well informed on matters affecting the Cooperative; and
8. Not use, or cause to be used, his/her position as Director to further any political or business ambition.

C. ___ Service as a Director includes the following responsibilities:

1. To put forth effort to understand the Cooperative's challenges and to provide the judgment needed to reach decisions in constantly changing circumstances.
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 which 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 persons about the Cooperative's ideals, objectives, programs, and services.
9. To conduct himself/herself in the eyes of the general public in such a manner as will reflect credit to the Cooperative and personify the position of trust held by the Director, including refraining from such conduct which would subject the Director to indictment for a felony or crime of moral turpitude or from conduct representing disregard of the standard of behavior which the members can rightfully expect from a Director.

D. ___Bylaw Requirements

To be eligible to become or remain a Director a person must:

1. Not be a close relative (person who, by blood or in-law, including half, foster, step, and adopted kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, niece or first cousin of the principle) of an incumbent Director or a Cooperative employee. However, no incumbent Director will lose eligibility to remain a Director or to be re-elected as a Director if he/she becomes a close relative of another Director or an employee because of a marriage to which he/she was not a party;
2. Be a member in "good standing" of the Cooperative in the directorate district for which he/she seeks election and has received electric service there at his/her primary residential abode in his/her own name for at least one (1) year next preceding the date of the election;

The term "good standing" means the member must possess an "A" credit rating, more specifically, a member who has paid his/her electric bill on or before the due date and has not tendered to the Cooperative any checks which have been returned, or has had any violations of meter tampering.

3. Possess the legal capacity to enter into a binding contract under state law;
4. Possess the mental and physical capacity to exercise the corporate standard for business judgment in discharging his/her duties in a manner consistent with the best interests of the Cooperative;
5. Not be employed by the Cooperative or a competing enterprise or have been employed by the Cooperative or a competing enterprise at any time during the ten (10) years preceding the date of the election; and
6. Not be in any way employed by, or financially interested in, a competing enterprise or engaged in the business of selling electric energy.

E. ___Procedure for Policy Implementation

This policy shall be implemented as follows:

1. It shall be disseminated and explained to the Cooperative's nominating committee each year, before it makes nominations.

The committee shall screen all persons considered for nomination as Directors to ensure that they are qualified in accordance with this policy.

2. Immediately after receipt of any nomination by petition, the Cooperative shall furnish the nominee with a copy of this policy, an Affirmation Form, and a questionnaire, to ensure that the nominee is qualified in accordance with this policy.
3. The Board of Directors, in filling any vacancies occurring on the Board of Directors, shall ensure that a proposed Director is qualified to be appointed and is apprised of this policy before appointment.
4. All persons nominated or being considered for appointment as Directors shall, prior to election or appointment, read this policy and execute the Affirmation Form and questionnaire which are attached hereto and made a part hereof.

F. ___ The nominating committee and any member or members 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, professional, or community service record of the individual and what has the conduct of his/her own affairs indicated as to the possession of sound judgment?
2. What is the judgment of the proposed nominee's neighbors as to his/her demonstrated capacity for leadership and his/her reputation for honesty and integrity?
3. What has the proposed nominee done that would demonstrate capacity for working with others?
4. What are the ideas and objectives of the proposed nominee as they relate to Cooperative principles and philosophy?
5. What are the problem areas which the proposed nominee might encounter when helping fellow members obtain a more complete understanding of the Cooperative and its activities and problems?

G. ___ Every year prior to the meeting of the nominating committee, each incumbent whose office is up for election at the forthcoming Annual Meeting shall review this policy and execute the Affirmation Form.

III. RESPONSIBILITY

The Board of Directors is responsible for the enforcement of this policy.

EFFECTIVE DATE: April 26, 1999

REVISED EFFECTIVE DATES: August 19, 2003
August 27, 2012



QUESTIONS CONCERNING QUALIFICATIONS FOR DIRECTORS

Introduction

Certain specific qualifications to be eligible to become and remain a Director are set forth in the Cooperative Bylaws. In addition, statutory and common law impose certain duties upon Directors. The following questions are designed to ensure that you are eligible to be a candidate for Director and to remain a Director if elected.

1. Full Name: _____

2. Address of Primary Residence: _____

3. How long have you resided there? _____

4. Are you a member “in good standing” of the Cooperative? The term “good standing” means the member must possess an “A” credit rating, more specifically, a member who has paid his/her electric bill on or before the due date and has not tendered to the Cooperative any checks which have been returned, or has had any violations of meter tampering.

Yes No

5. Do you receive electric service from the Cooperative at the above residence?

Yes No

6. A Director is responsible for, and must actively participate in, the management of the business and affairs of the Cooperative. The Board of Directors of the Cooperative is quite active. It is anticipated that you will spend a minimum of 15 to 20 days, on an annual basis, at meetings of the Board of Directors, General Membership, committees, and other bodies. (The biggest share of meetings are during the week when many people must be at work.) Are you able to commit that amount of time to be actively involved in the affairs of the Cooperative?

Yes No

7. Are you employed by, or financially interested in, a company which competes with the Cooperative, or is engaged in the business of selling energy or supplies to the Cooperative?

Yes No

If yes, please explain:

8. A Director has a duty of loyalty to the Cooperative and a fiduciary duty to act in the best interests of the Cooperative and its members as the Director reasonably believes to be the case under the circumstances. In connection with those duties, please answer the following questions.

Will you be able to act in the best interests of the Cooperative even though the act of the Cooperative may conflict with your personal interest?

Yes No

Comments:

Do you have a commitment of loyalty to another commercial enterprise that may conflict with the best interests of the Cooperative?

Yes No

Comments:

9. Are you currently, or have you been employed by the Cooperative or a competing enterprise at any time during the ten (10) years preceding the date of the election?

Yes No

10. Are you a "close relative" of any Cooperative employee or Director? The term "close relative" means a person who, by blood or in-law, including half, foster, step, and adopted kin, is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, niece or first cousin of the principle.

Yes No

11. If your answer to Question No. 10 is "Yes," what is that relationship?

12. Do you possess the legal capacity to enter into a binding contract under state law?

Yes No

13. Do you possess the mental and physical capacity to exercise the corporate standard for business judgment in discharging the duties of a Director in a manner consistent with the best interests of the Cooperative?

Yes No



AFFIRMATION OF DIRECTOR QUALIFICATION

I, the undersigned, hereby state and affirm as follows:

1. ___ I have read the Cooperative's corporate policy entitled "Qualifications for Eligibility to Serve on the Cooperative's Board of Directors" and all attachments thereto, and understand the responsibilities and duties required of Directors.
2. ___ I am qualified in accordance with the policy to be nominated and elected or appointed as a Cooperative Director.
3. ___ I am qualified to serve as such Director.

I have signed my name hereto and had the same witnessed this the

_____ day of _____ 20_____.

Printed Name _____

Signature _____

WITNESSES:

Printed Name

Printed Name

Mailing Address

Mailing Address

City, State, ZIP

City, State, ZIP

Telephone Number

Telephone Number

Signature

Signature