

BYLAW SECTION 4.02  
DIRECTOR QUALIFICATIONS

SECTION 4.02 Director Qualifications. A Director or Director candidate must comply with this Bylaw. The Cooperative may conduct an investigation, or require information, to determine whether a Director or Director candidate complies with this Bylaw.

A. General Director Qualifications. To become and remain a Director, a Person must comply with the following general qualifications (“General Director Qualifications”):

- (1) be an individual;
- (2) have the capacity to enter legally binding contracts;
- (3) have not been previously removed or disqualified as a Director;
- (4) have not been convicted of, or plead guilty to, a felony;
- (5) before becoming a Director, graduate from high school or earn an equivalent degree or certification;
- (6) have not had a final judgment entered against you involving civil fraud, ethical violations, discrimination, and/or acts of harassment;
- (7) have not, within the last seven years, been a debtor in a personal or business related federal bankruptcy proceeding or a similar proceeding;
- (8) have not been a party, within the last seven years, to a foreclosure or other proceeding (judicial or non-judicial, personal or business related), which proceeding is or was instituted because of a default on indebtedness; and
- (9) comply with any other reasonable qualifications determined by the Board of Directors.

B. Membership Director Qualifications. To become and remain a Director, an individual must comply with the following membership qualifications (“Membership Director Qualifications”):

- (1) while a Director and during the one year immediately before becoming a Director:
  - a) be a Member in good standing and have not been suspended as defined in Cooperative Bylaw Section 2.01; and
  - b) permanently reside, and will continue to reside, and use electric energy provided by the Cooperative, at the principal residence as defined under federal tax law 26 C.F.R. § 1.121-1(a)(2) within the Director Regions from which the Director is nominated or elected;

C. Independence Director Qualifications. To become and remain a Director, an individual must comply with the following independence qualifications (“Independence Director Qualifications”):

- (1) annually complete and sign an independence certification and disclosure form approved by the Board;
- (2) not be a member of, employed by, or have a direct financial interest in, an enterprise or organization that competes with the Cooperative or contracts with the Cooperative, the Cooperative's affiliates or other cooperatives of which the Cooperative is a member, except that any such employment, membership or financial interest which is so inconsiderable and incidental so as not to pose a reasonable prospect of a conflict of interest may be permitted. A nominee with any direct financial interest in an enterprise or organization that competes with the Cooperative or contracts with the Cooperative shall, however, fully disclose all such interests.
- (3) not be a Close Relative of an incumbent director or of an employee of the Cooperative, not be an employee or director of a competing utility or enterprise, or a Close Relative of an employee or director of a competing utility or enterprise; or within five (5) years immediately preceding the date of the meeting in which the directorship is to be voted upon, be an employee of the Cooperative.
- (4) while a Director and during the one year immediately before becoming a Director, not been an elected official of a public office full time for compensation.
- (5) while a Director and during the one year immediately before becoming a Director, not be a party in a mediation, arbitration, lawsuit, or other legal action against or by the Cooperative or a Cooperative Subsidiary; and

D. Director Disqualification. After becoming a Director, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications"), then, except as otherwise provided by the Board for good cause, the Board may by majority vote disqualify the Director and the individual is no longer a Director if:

- (1) the Board notifies the Director in writing or electronically of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and
- (2) within 30 days after the Board notifies the Director of the proposed disqualification, the Director neither complies with nor meets the Director Qualification.

If a majority of Directors authorized by these Bylaws complies with the Director Qualifications and approves a Board action, then the failure of a Director to comply with the Director Qualifications does not affect the Board action.