

CHARITON VALLEY ELECTRIC COOPERATIVE, INC.
GENERAL BOARD
POLICY 05

SUBJECT: Qualifications for Eligibility to Serve on the Board of Directors
DATE: March 29, 2012, January 23, 2014, March 16, 2017, January 24, 2019

I. PURPOSE

The purpose of this policy is to publish the qualifications for election or appointment to, and service on, Chariton Valley Electric Cooperative's (CVEC) Board of Directors and to establish necessary procedures, including an Affirmation Form.

II. POLICY

Certain qualifications are required by law and by CVEC's Bylaws to become and remain a Director of CVEC. It is the responsibility of the Board of Directors to ensure that those qualifications are met.

III. PROVISIONS

A. General Requirements

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

1. Comply with applicable requirements of law, CVEC's Articles of Incorporation and Bylaws, CVEC's duly adopted policies and CVEC's duly made decisions;
2. Assume a fiduciary duty to act, in good faith, in the best interests of CVEC;
3. Be loyal to CVEC and not have conflicting commercial or personal interests;
4. "Member in good standing" – who is in compliance with CVEC policies and has not been delinquent more than two times within the past 24 months nor shall the member become delinquent in payments of their electric bill unless the board member has made formal request to the Board stating the purpose/reason. Such requests may be approved due to extenuating circumstances by the Board of Directors.
5. Be possessed of at least the minimum knowledge and skills necessary to direct the management of CVEC, and be possessed of the desire to obtain training to become a NRECA Certified Director;

6. Be willing to devote such time and effort to the duties of a Director as may be necessary to provide guidance and direction for CVEC's affairs;
7. Be able to represent the entire Membership on an impartial basis;
8. 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 CVEC objectives, training institutes or seminars which will aid in keeping him/her well informed on matters affecting CVEC; and
9. Not use or cause to be used his/her position as a Director to further any improper and/or personal, political, or business ambition.

B. Service as a Director includes the following responsibilities:

1. To put forth effort to objectively evaluate and thereby understand CVEC's questions, problems and issues so that a proper judgment may be reached regarding the same.
2. To support all official decisions and actions made or taken by a majority of the Board of Directors.
3. To conscientiously study the information contained in reports submitted to the Board of Directors.
4. To contribute to the development of statements on functions and responsibilities of the directors and to work toward their constant improvement.
5. To keep informed as to the ideals and objectives of CVEC and to further study and analyze the policies, plans and problems that result from efforts to achieve such ideals and objectives.
6. To keep informed on, alert to and aware of the attitudes of the employees and general public toward CVEC's objectives and policies.
7. To inform all interested persons about CVEC's ideals, objectives, programs and services that are provided by the cooperative.
8. To conduct himself/herself in the eyes of the general public in such a manner as will reflect credit to CVEC 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 behavior which the Cooperative can rightfully expect from a Director.

C. Bylaw Requirements

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

1. Be a member of CVEC;
2. Not be employed by CVEC or have been employed by CVEC at any time during the preceding five (5) years,
3. While a Director, and during the one (1) year immediately prior to becoming a Director, a Director or Director-candidate must not be, nor have been: a close relative (a close relative is defined as a spouse, parent (including step, foster and in-law), child (including step, foster and in-law), brother or sister (including step and in-law), niece, nephew, grandparent, or grandchild of an employee or Director. Additionally, no other relatives of an employee, employee's spouse, Director or Director's spouse (living in employee's or Director's household) of any existing Director, other than an existing Director who will cease being a Director within one (1) year, an existing , or a close relative or an existing, non-Director CVEC Officer, employee, agent or representative. 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;
4. Not be in any way employed by, materially affiliated with, or share a material financial interest with, any other Director such that any Director's independent business judgment is impaired.
5. Not be engaged in, nor employed by, materially affiliated with, or have material financial interest in, any individual or entity: (a) directly and substantially competing with CVEC; or (b) selling goods and services in substantial quantity to CVEC.

D. Procedure for Policy Implementation

This policy should be implemented as follows:

1. The Board of Directors, in filling any vacancies occurring on the Board of Director shall ensure that a proposed Director is qualified to be appointed and is apprised of this policy before appointment.

2. 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.

Any nominating committee member who nominates an individual to be voted upon for election to the Board of Directors should consider the following suggested questions when reviewing the personal qualifications of the proposed candidate:

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 has the proposed Director-candidate done that would demonstrate capacity for working with others?
3. What are the ideas and objectives of the proposed Director-candidate as they relate to cooperative principles and philosophy?

Every year prior to the Annual Member Meeting, each incumbent Director whose office is up for election at the forthcoming Annual Meeting shall review this policy and execute an Affirmation Form.

IV. RESPONSIBILITY

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

Kenneth Vanden Bay
Secretary

January 24, 2019
Date