

# Policy 2.7

## QUALIFICATIONS OF DIRECTORS

### I. OBJECTIVE

To establish guidelines to be used by nominating committees in selecting the most qualified persons to nominate as candidates for election to the Board.

### II. POLICY

The policy set forth below shall be used when considering the qualifications of candidates for directorship. The nomination of a Director shall be made without discrimination as to race, color, religion, national origin, gender, age, veteran status, marital status, pregnancy, parenthood, disability or sexual orientation.

#### A. Bylaw Requirements

No person shall be eligible to become or remain a Director who:

1. Is not a member of the Cooperative by virtue of membership held in his name as a natural person receiving electric service at his residence in the district from which he is elected;
2. Does not have the legal capacity to enter into a binding contract or who is not physically or mentally able to discharge the duties of a Director;
3. Is in any way employed by or holds a material financial interest in any of the following:
  - a. A competing enterprise;
  - b. A business selling electric energy;
  - c. A business selling substantial amounts of energy or fuel products to the Cooperative;
  - d. A major vendor to the Cooperative, including but not limited to, professional consultants, electrical contractors, and businesses whose sales to the Cooperative represent more than one-third (1/3) of its business;
4. Is employed or has been employed by the Cooperative or a subsidiary within the last three (3) years;
5. Is employed by, materially affiliated with, or shares a material financial interest with, any other Director;
6. Is an officer or employee of a collective bargaining unit with which the Cooperative has a labor contract;
7. Is a close relative or a member of a household of a Director of the Cooperative or of a person described in (c), (d), (e), or (f) above;
8. Has been convicted of a felony and has not had his civil rights restored;
9. Had a criminal judgment entered against him based on fraud, theft, deceit, misrepresentation, conspiracy, breach of trust, breach of fiduciary duty, or insider trading;
10. Has not provided a criminal background check within ninety (90) days of the election;
11. Has served on the Board for at least two and one half (2½) consecutive years, but who has failed to qualify for and obtain the National Rural Electric Cooperative Association (NRECA) Credentialed Cooperative Director (CCD) designation.

As used in this Bylaw, "close relative or a member of a household," means a person who by blood or in law, including half, foster, step or adoptive kin is either a spouse, child, grandchild, parent, grandparent, brother or sister of the person in question or who

on a fixed, long-term or non-temporary basis, shares living quarters with the person in question.

As used in this Bylaw, a business selling electric energy, under (c) (2) above does not include a Director's family member, except for his spouse, who is selling power to the Association Cooperative under a GVEA sponsored alternative energy program.

Nothing contained in this section shall affect the validity of any action taken at any meeting of the Board.

## B. Guidelines

The person nominated:

1. Must be willing to attend regular and special meetings of the Board; national, state and other meetings of organizations with common interests that further the cooperative movement; and training institutes or seminars on subjects of current importance to the Association.
2. Should be aware that members of the Board serve without salary and on a fee basis only for attendance at meetings of the Board, meetings of the members and meetings and conferences specifically authorized by the Board. All reasonable expenses in connection with Board-authorized attendance at such meetings and conferences are reimbursable.
3. Shall not use, or cause to be used, his position as Director to further any political ambitions.
4. Shall not have been employed by the Association within the past 36 months.
5. Shall not have been found guilty of a felony offence within the last five years, shall not have had a judgment ordered against him or her in a civil claim based on fraud, theft, deceit, misrepresentation, civil conspiracy, breach of trust, breach of fiduciary duty, insider trading, failure to disclose material facts or changes, or similar conduct, shall not be involved in any litigation against the Association, shall be in good standing with his or her account, shall not have been prohibited or otherwise removed as a Director of an organization, and if a member of a professional body, shall not have, during the previous five years, been involuntarily prohibited or restricted from practicing as a member of that body.
6. Must be willing to take the oath of office as specified in Policy 2.8.1.
7. Directors are individually, and collectively as a board, responsible for the fiduciary and legal implications of Board decisions.
8. Directors must avoid conflicts of interest, observe high standards of integrity and ethics, and maintain the confidentiality and security of Board deliberations.
9. Directors are expected to be diligent in preparing for and attending Board meetings, contribute positively to Board discussions and work in harmony with other board members.
10. Directors must disclose to the Association the nature and extent of any real or perceived interest that the Director has in a material contract or transaction, or a proposed material contract or transaction with the Association.
11. Directors shall be:
  - a. Individuals of good character.
  - b. Knowledgeable about the cooperative business model.
  - c. Aware of, and comfortable with, the legal liabilities implicit with Board service.
  - d. Able to add to the diversity of knowledge and skills of the Board, in areas such as:

- Board governance
  - Strategic leadership, planning and management
  - Financial management
  - Risk management
  - Project management
  - Computer literacy
  - Human resources
  - General business knowledge and skill
  - Marketing and communications
  - Administration and law
- e. In addition, board members must demonstrate:
- An ability to compromise and work collaboratively with others.
  - An ability to communicate effectively.
  - Pro-active leadership
  - An ability to represent the entire membership
  - Good listening skills
12. Must be willing to expend the effort needed to understand the Association's issues and concerns and to provide the judgment needed to reach decisions in constantly changing circumstances.
  13. Must be willing to support in his official capacity as a Board member all official decisions and actions made or taken by a majority of the Board.
  14. Must be willing to study conscientiously the information contained in reports submitted to the Board.
  15. Must be willing to contribute to the development of statements on functions and responsibilities of Directors and to work toward their constant improvement.
  16. Must be able to consider and evaluate objectively the questions, issues and concerns with which the Association is faced.
  17. Must remain informed about, alert to and aware of the ideals and objectives of the Association and to study and analyze the policies, plans, issues and concerns which result from efforts to achieve such ideals and objectives.
  18. Must be informed about and responsive to the attitudes of the members and general public toward the Association's objectives and policies.
  19. Must be able to inform interested persons about the Association's ideals, objectives, programs and services.
  20. Must be able to qualify for and obtain a National Rural Electric Cooperative Association Credentialed Cooperative Director's Certification within two and one-half consecutive years of service as a Director.

### III. RESPONSIBILITY

- A. It shall be the responsibility of the Board to appoint nominating committees as set out in Policy 2.6.1 for the districts that are up for election.
- B. It shall be the responsibility of the Secretary of the Board or his designee to inform the nominating committees about the foregoing requirements and guidelines of candidates.

ADOPTED: April 15, 1987

AMENDED: June 28, 2010 (Bylaw Update)

AMENDED: September 21, 2015