

BOONE ELECTRIC COOPERATIVE
NOMINATING COMMITTEE
FACT SHEET OF
BOARD OF DIRECTORS RESPONSIBILITIES

MISSION STATEMENT: The Mission of Boone Electric Cooperative is to provide reliable electric energy and other services at the lowest possible cost consistent with sound business practices and cooperative principles.

- **Believe in the Seven Cooperative Principles:**
 1. Voluntary & Open Memberships
 2. Democratic Member Control
 3. Member's Economic Participation
 4. Autonomy & Independence
 5. Education, Training and Information
 6. Cooperation Among Cooperatives
 7. Concern for Community

- **The officers and directors of the corporation occupy a fiduciary relation to the cooperative and to the members; their position is one of trust and they are bound to act with fidelity and subordinate their personal interest to the interest of the cooperative should there be a conflict.**

Duty of Due Care: This duty requires a Director to perform his or her job as a reasonable and prudent person would do in similar circumstances. In order to do so, a Director must make a reasonable effort to gather and consider relevant information.

Duty of Loyalty: This duty prohibits a Director from placing his or her personal or business interests above the interests of the cooperative. The Director must act fairly with the cooperative, refrain from letting his or her personal interests affect the Director's decisions, and always act honestly and in good faith.

Duty of Obedience: This duty requires that Directors must act within the limit of the powers granted them by law and applicable regulations and by the cooperative's charter, articles of incorporation and bylaws.

- **Willing and able to serve a 3-year term.**

- **Willing and able to attend 12 monthly board meetings.**

Currently scheduled in advance on the fourth Wednesday of each month unless there is a conflict with education or training sessions.

- **Willing and able to attend 2 - 4 additional local meetings per year.**
Overnight travel may be necessary.
- **Willing and able to attend 2 -10 days per year at State or National information and training seminars.**
Overnight travel may be necessary.
- **Board Members are required to attend 10 - 12 days of training over a 36-month time period to complete their Credentialed Cooperative Director Certificate.**

The Credentialed Cooperative Director (CCD) curriculum consists of five courses designed to provide basic knowledge and skills required of cooperative directors. Each course is one day long unless otherwise noted. Overnight travel may be necessary.

- **Directors Duties and Liabilities:** Boards are responsible for directing the affairs of the corporation. This course discusses and explains the duties of loyalty, obedience and due care, and the need for directors to acquire the minimum knowledge and skills necessary to fulfill their responsibility within the cooperative context.
- **Understanding the Electric Business:** The electric utility industry is an evolving high-tech system that must be designed and engineered to meet regulatory and consumer standards for reliability, quality, and safety. This requires an appropriate investment on a planned and ongoing basis. This course provides directors with an understanding of the key components of the utility industry.
- **Board Operations and Process:** The board of directors is responsible for managing the affairs of the corporation. In fulfilling its duties, the board typically can only take official action via majority rule in a duly convened meeting. This course focuses on the legal requirements for holding board meetings and also on the human factors and group processes that make such meetings productive and effective.
- **Strategic Planning:** Boards have ultimate responsibility for ensuring and evaluating the long-term health of the organization. They help fulfill this duty through strategic thinking, identifying goals through strategic planning and authorizing the appropriate allocation of resources through the adoption of financial policies, budget review and approval and monitoring management's progress toward strategic goals. This course teaches directors how to participate effectively in strategic thinking and planning processes.
- **Financial Decision Making (1 ½ days):** This course helps directors understand the role of the board in financial planning, including identifying the basic documents used in financial planning and reporting. It also covers assessing the issues that drive financial decisions, balancing competing goals, and taking responsibility to monitor and evaluate results.

- **Meet the qualifications of a director as written in the bylaws Article IV Section 3**

“To be eligible to become or remain a Director of the Cooperative any such person must:

- (a) be an individual with the capacity to enter into legally binding contracts;
- (b) have attained a high school diploma or equivalent;
- (c) be a U.S. citizen for at least thirty-six (36) months and be able to speak, read, write and understand English;
- (d) not have been convicted of, pled guilty to or entered a plea of no contest to a felony crime;
- (e) be a member of the Cooperative with their primary residence within the geographical area served by the Cooperative and the applicable district as set forth in these bylaws during their term as a director and for at least twelve (12) months prior to becoming a director;
- (f) not be in any way employed by or financially interested in a competing enterprise or business selling electric energy, or a business providing a financially substantial quantity of services or supplies to the Cooperative or any of its subsidiaries, or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the members of the Cooperative;
- (g) be a Cooperative member in good standing by not being on a list for disconnection of electric service for nonpayment of a delinquent debt to the Cooperative or any subsidiary thereof while a director and during the thirty-six (36) months immediately before becoming a director;
- (h) not have a Close Relative who is an employee of the Cooperative or any subsidiary thereof while a director and during the thirty-six (36) months immediately before becoming a director;
- (i) not be an applicant for employment;
- (j) not be employed by the Cooperative or any subsidiary thereof while a director and during the thirty-six (36) months immediately before becoming a director;
- (k) not be engaged in a personal relationship with a fellow director or an employee of the Cooperative or any subsidiary thereof that could, in the sole judgment of the Board of Directors, interfere with the Director’s independent judgment, disrupt or negatively impact the workplace, undermine members’ confidence in the operations of the Cooperative, or reasonably create the appearance of a conflict of interest;
- (l) not be absent from more than two (2) regular board meetings in any twelve (12) month period except where the health of the director reasonably does not permit their attendance, a rescheduled regular board meeting conflicts with prior commitments of the director or any other good cause reason shown by the absent

director and accepted by resolution of the remaining directors;

- (m) not have been removed or disqualified as a director in any system within the rural electric cooperative program;
- (n) obtain their NRECA Credential Cooperative Director Certificate within thirty-six (36) months of becoming a director;
- (o) not conduct themselves, while a director, in any way that violates the Cooperative's Conflict of Interest, or Code of Ethics and Whistleblowing policies;
- (p) disclose all monetary and in-kind contributions and direct or indirect expenditures by the director candidate, from third-parties or other outside sources in support of, the member's campaign for election or re-election to the Board. The Board of Directors shall establish a policy setting forth rules and deadlines for reporting campaign contributions and expenditures consistent with this provision; and
- (q) Once elected, not receive any money, financial benefits or contributions of any kind from any third-party or outside source related to their service as a director of the Cooperative.

The term "Close Relative" shall mean Wife, Husband, Son, Daughter, Father, Mother, Grandfather, Grandmother, Brother, Sister, Grandson, Granddaughter, Father-in-law, Mother-in-law, Brother-in-law, Sister-in-law, step-children and any person cohabitating or living within the same household of a director. This bylaw section will not apply to Close Relatives as defined above who are employed full-time by the Cooperative as of July 13, 2007.

Upon establishment of the fact that a Director is holding office in violation of any of the foregoing provisions, the Board of Directors shall remove such Director from office by a majority vote of the remaining directors. Nothing contained in this Section shall affect in any manner whatsoever the validity of any action taken at any meetings of the Board of Directors.