

**SECTION 4.03. (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 into legally binding contracts;
- (3) obtain the signatures of at least two-hundred (200) members on a petition in support of his/her placement on the ballot for election as a Director, provided, however, that an individual who is currently serving as a Director having been elected in the immediately preceding election for the same District for which he/she seeks reelection is exempted from this provision and need not obtain any signatures or submit a petition in support of his/her placement on the ballot for election;
- (4) not have been previously removed or disqualified for failing to comply with the General Director Qualifications while serving as Director;
- (5) before becoming a Director, graduate from high school or earn an equivalent degree or certification;
- (6) while a Director, or prior to becoming a Director, not be convicted of, or plead guilty to, a felony;
- (7) while a Director, and prior to becoming a Director, not have a final judgment entered against them involving civil fraud, ethical violations, discrimination and/or acts of harassment;
- (8) while a Director, and prior to becoming a Director, not be nor have been a debtor in a personal or business related federal bankruptcy proceeding or a similar proceeding under applicable state law such as insolvency, liquidation, receivership reorganization, or assignment for the benefit of creditors;
- (9) while a Director, and seven years immediately before becoming a Director, not be nor have been a party to a foreclosure or other proceeding (judicial or non-judicial, personal or business related), which proceeding is or was instituted because of the director’s default on indebtedness;
- (10) except as otherwise provided by the Board of Directors for good cause shown, receive a Credentialed Cooperative Director designation, Director’s Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within two (2) years of becoming a Director and after becoming a Director, participating in and complete required director training as established by the Board of Directors;

- (11) except as otherwise provided by the Board for good cause shown, attend at least seventy-five percent (75%) of properly noticed Regular and Special Board Meetings, Committee Meetings and Board Telephone/Video Conference Meetings during each rolling twelve (12) month period;
- (12) except as otherwise provided by the Board of Directors for good cause shown, not miss more than two (2) consecutive properly noticed Regular Board Meetings;
- (13) while a Director, must not breach the Director's fiduciary duties to the Cooperative, violate confidences, or engage in illegal activity under the color of authority as a Director; and
- (14) comply with any other reasonable qualifications determined, made, adopted, amended, and/or promulgated in policies or rules of the Cooperative, not inconsistent with law, the Articles of Incorporation, regulations, or these By-Laws.

(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 an unsuspended Member; and
  - b. permanently reside, and use electric energy provided by the Cooperative, at the individual's principal residence as defined under federal tax law 26 C.F.R. § 1.121-1(a)(2). Said residence must be within the Director District from which the Director is nominated, elected or appointed.

(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 nor have been, nor be a close relative (Section 4.04) of, an employee of the Cooperative or an employee of an entity controlled by the Cooperative or in which the Cooperative owns a majority interest ("Cooperative Subsidiary");

- (3) while a Director and during the one (1) year immediately before becoming a Director, not be an employee of an entity in which the Cooperative is a member or owner;
- (4) while a Director and during the one (1) year immediately before becoming a Director, not hold or have held, either by election or appointment, any one or more of the following elective offices or positions: U.S. President/Vice President; U.S. Senate; U.S. House of Representatives; Governor/Lieutenant Governor; Attorney General; Secretary of State; Auditor of Public Accounts; State Treasurer; Commissioner of Agriculture; State Senate; State House of Representatives; State Supreme Court Justice; State Court of Appeals Judge; Circuit Court Judge; District Court Judge; Commonwealth's Attorney; Circuit Court Clerk; County Judge/Executive; County Clerk; County Attorney; Sheriff; Jailer; Coroner; Property Valuation Administrator; Surveyor; Magistrate/Justice of the Peace; County Commissioner; Constable; Soil and Water Conservation District Supervisor; Mayor; City Legislative Body (i.e., City Commissioners and Council Members); and/or Member of a Board of Education;
- (5) while a Director and during the five (5) years immediately before becoming a Director, not have been an existing, or a Close Relative of an existing or former, director, agent, or representative;
  - (6) while a Director and during the one year immediately before becoming a Director, not have been employed by, materially affiliated with, or receive more than ten (10) percent of annual gross income from, an entity for which another Director controls, owns more than ten (10) percent, or is a director or officer;
  - (7) while a Director and during the one year immediately before becoming a Director, not have been a director, officer, employee, or agent of a union or other entity representing, or seeking to represent, Cooperative employees regarding the terms and conditions of employment with the Cooperative;
- (8) while a Director and during the one year immediately before becoming a Director, not receive or have a Close Relative that receives more than ten (10) percent of annual gross income, other than insurance, retirement income or Director compensation, directly or indirectly from the Cooperative, a Cooperative Subsidiary, or an employee of the Cooperative or a Cooperative Subsidiary;

(9) while a Director and during the one year immediately before becoming a Director, not advance or have a Close Relative that advances the Director's financial interest by providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary;

(10) while a Director and during the one year immediately before becoming a Director, not be employed by, control, own more than ten (10) percent of, serve as a director or officer of, or receive more than ten (10) percent of annual gross income from an entity that:

- a. advances the entity's financial interest by providing a good or service similar to a good or service provided by the Cooperative or a Cooperative Subsidiary;
- b. employs more than five (5) percent of Members; or
- c. receives more than ten (10) percent of its annual gross income directly or indirectly from the Cooperative or a Cooperative Subsidiary.

(d) **Director Disqualification.** After being elected, designated, or appointed, if a Director does not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications") existing when the Director was elected, designated, or appointed, then, except as otherwise provided by the Board for good cause, the Board shall 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 thirty (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.