

**POLICY**

SUBJECT: Directors Qualifications and Responsibilities

POLICY: It shall be the policy of the Cooperative to elect and retain directors who meet and maintain certain minimum qualifications. As outlined in the Cooperative's Bylaws and in this policy, a director shall:

1. Be a bona fide resident in the areas serviced by the Cooperative; and
2. Not be employed by, or financially interested in, a competing enterprise of a business primarily engaged in selling electric energy or plumbing appliances, fixtures or supplies to the members of the Cooperative; and
3. Not be a close relative of another director or active employee of the Cooperative ( defined as being within the third degree of consanguinity or affinity); and
4. Not have been a former employee of the Cooperative within twenty-four (24) months prior to being elected or appointed to serve on the Board, and
5. Not have been convicted of a felony crime, and
6. Not have owed to the Cooperative an amount outstanding more than ninety (90) days in arrears.

Further, it shall be the responsibility of directors to:

1. Comply with applicable requirements of law, the Cooperative Articles of Incorporation and Bylaws, the Cooperative's duly adopted policies and the Cooperative's duly made decisions;
2. Assume a fiduciary duty to act, in good faith, in the best interests of the Cooperative and its members;

3. Be loyal to the Cooperative and not have any conflicting commercial or personal interests;
4. Be possessed of the minimum knowledge and skills necessary to govern the affairs of the Cooperative and to stay current in industry developments and issues through ongoing education and engagement, which shall include completing the Certified Credentialed Director (CCD) training offered by the National Rural Electric Cooperative Association (NRECA) by the end of the second term of service as director;
5. Be willing to devote such time and effort to the duties of a director as may be necessary to govern the Cooperative's affairs;
6. Be able to represent the entire membership on an impartial basis;
7. Be willing and able to attend regularly scheduled and special meetings of the Board;
8. Not use or cause to be used, the position as director to further any personal political or business ambition or to advance special interests of an individual member;
9. To put forth effort to understand the Cooperative's problems and to provide the judgment needed to reach decisions in constantly changing circumstances;
10. To support all official decisions and actions made or taken by a majority of the Board;
11. To conscientiously study the information contained in reports submitted or provided to the Board;
12. To keep informed as to the ideals, objectives and strategic plans of the Cooperative and to further study and analyze the policies, plans and problems which result from efforts to achieve such ideals and objectives;
13. To keep informed of, alert to, and aware of the attitudes of the members, the employees, and general public toward the Cooperative's objectives and policies;
14. To inform the membership and all other interested parties about the Cooperative's ideals, objectives, programs and services;

15. To conduct oneself in the eyes of the general public in such a manner as will reflect positively on the Cooperative 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 of behavior which the members can rightfully expect from a director; and
16. Be prepared to serve at a minimum a term of three (3) years except in situations where appointments are made to complete unexpired terms of service.

**PROCEDURE:**

This policy shall be implemented as follows:

1. It shall be disseminated and explained to any potential Cooperative Board member. The Nominating Committee appointed by the Board shall screen all persons considered for nomination as directors to ensure that they are qualified in accordance with this policy. In cases of established directors, the Chief Executive Officer and the Cooperative's attorney shall advise the Board President of circumstances where seated directors are not in compliance with this policy. The Board President shall then bring this information to the attention of the Board at a Board meeting, or if there is insufficient time to act at a Board meeting, to the attention of a committee appointed by the Board authorized to act on its behalf.
2. The Board, in filling a vacancy occurring on the Board, shall ensure that a proposed director is qualified to be appointed and is apprised of this policy before appointment.
3. All persons nominated, either by the Nominating Committee or by petition, or who are being considered for appointment as director by the Board shall, prior to election or appointment, read this policy and execute the Affirmation Form attached hereto confirming that they comply with all director eligibility requirements and other terms of this policy.

**RESPONSIBILITY:**

The Board is responsible for the enforcement of this policy in accordance with Cooperative bylaws. If any member challenges the qualifications of any director by filing charges in the manner set forth in the bylaws, the Board shall notify the director in writing of the



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charges at least five days prior to the next regular or special meeting of the members, and shall present the matter to the membership at such meeting for consideration and vote. The director thus charged shall have the opportunity prior to vote to be heard in person or by counsel and to present evidence in respect to the charges, and the person or persons bringing the charges against the director shall have the same opportunity. If by vote of the membership the director is removed from office, the vacancy created by such removal may be filled by vote of the members at such meeting without compliance with the bylaw provisions with respect to nominations.

DELAWARE COUNTY ELECTRIC COOPERATIVE, INC.

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|-----------------------------------|---------------|
| Approved by Board of Directors    | Mar 1, 1961   |
| Verified by Board of Directors    | Jun 16, 1971  |
| Reaffirmed by Board of Directors  | Nov 27, 1984  |
| Reaffirmed by Board of Directors  | Jan 24, 1989  |
| Reaffirmed by Board of Directors  | Feb 28, 1995  |
| Revised by Board of Directors     | May 4, 2005   |
| Revised by Board of Directors     | May 26, 2008  |
| Revised by the Board of Directors | May 31, 2012  |
| Revised by the Board of Directors | Sept 24, 2013 |
| Revised by the Board of Directors | Oct 27, 2015  |