

CROW WING COOPERATIVE POWER AND LIGHT COMPANY

Minnesota 56 – Crow Wing

TITLE: **QUALIFICATIONS FOR ELIGIBILITY FOR SERVICE ON THE COOPERATIVE'S BOARD OF DIRECTORS**

OBJECTIVE: To publish the qualifications for election or appointment to, and service on, the Cooperative's Board of Directors; and to establish necessary procedures, including an affirmation form.

CONTENT:

Certain minimal qualifications are required by law and the Cooperative's Bylaws to become and remain a director of the Cooperative. It is the responsibility of the Board to ensure that those qualifications are met. If the Board should determine that an incumbent director, nominee or potential appointee to the Board lacks or has lost any of the necessary qualifications, it is the duty of the Board to remove such incumbent or to declare such nominee or potential appointee ineligible for election or appointment. The specifications are:

1. **General Legal Requirements**

General law provides that a person, to become and remain a director of the Cooperative, shall among other things:

- A. Adhere to all applicable requirements of the law, the Cooperative's Articles of Incorporation and Bylaws, the Cooperative's duly adopted policies, and the Cooperative's duly made decisions;
- B. Assume a fiduciary duty to the Cooperative and its members to act, in good faith, in their best interests as the director reasonably believes to be the case under the circumstances;
- C. Be loyal to the Cooperative and not some conflicting commercial interest, acting at all times in good faith for the Cooperative's best interests and not for those of some other commercial interest. (For example, a person who wanted to be a director in order to promote and/or assist a private power company such as Minnesota Power or Xcel Energy, or any municipality in purchasing any of the Cooperative's assets would be serving that company's or municipality's interest and would already be in violation of the loyalty requirement);
- D. Not be affected by any continuing and substantial personal interest that is in conflict with the best interests of the Cooperative;

- E. Be possessed of the minimum knowledge and skills necessary to direct the affairs of the Cooperative; and
- F. Be willing to devote such time and effort to the duties of a director as may be necessary to direct the Cooperative's affairs.

2. Specific Requirements

A person, to become and remain a director of the Cooperative:

- A. Shall be a member of the Cooperative;
- B. Shall receive electric service from the Cooperative in the district or sub-district that the director represents or would represent if elected;
- C. Shall, prior to assuming the office of director, subscribe to an Oath of Office;
- D. Shall actively participate in the duties and activities required of a director (The Board is very active - directors should anticipate that they will need to spend a minimum of 30 - 50 days per year at meetings of the Board, members, committees, and other groups and organizations, including conferences, institutes, seminars and the like for the purpose of improving the director's knowledge and skills in performing their duties);
- E. Shall not be eligible to become or remain a director of the Cooperative if within five years preceding a director or director candidate was or is finally adjudged to be guilty of a felony;
- F. Shall not be eligible to become or remain a director of the Cooperative if within five years preceding a director candidate's application was a part owner or full or part-time employee of the Cooperative or any affiliated business or subsidiary of the cooperative.
- G. Shall not individually or as an employee, representative, or part owner of a legal entity sell more than Ten Thousand and no/Dollars (\$10,000.00) of goods or services to the Cooperative or any affiliated business or subsidiary of the cooperative.
- H. Shall not be eligible to become or remain a director of the Cooperative if a director or director candidate is or becomes, or at any time during the five years preceding a director candidate's application shall have been, employed by a labor union which represents, or has represented or has endeavored to represent any employees of the Cooperative;
- I. Shall not be eligible to become or remain a director of the Cooperative if a director or director candidate is by blood, law or marriage, including half, step, foster and adopted relations, a grandparent, parent, sibling, spouse, cohabitant, child or grandchild of an employee of the Cooperative;
- J. Shall not be eligible to become or remain a director of the Cooperative if a director or director candidate is by blood, law or marriage, including half, step, foster and adopted

relations, a grandparent, parent, sibling, spouse, cohabitant, child or grandchild of an incumbent who is not up for reelection at that time;

- K. Shall not be eligible to become or remain a director of the Cooperative if a director or director candidate is an employee or is substantially financially interested in any subsidiary of the Cooperative or any cooperative-affiliated business;
- L. Shall not be eligible to become or remain a director of the Cooperative if a director or director candidate is or becomes the full time employee or agent or, who is or becomes the full time employer or principal of, another director;
- M. Shall not be eligible to become or remain a director of the Cooperative if a director is absent without cause from three or more regular meetings of the Board of Directors during any 12 month period;
- N. Shall not be employed by or substantially financially interested in any enterprise competing with the Cooperative or any cooperative-affiliated business. (Employment by or substantial ownership of stock in Minnesota Power or Xcel Energy or employment by a municipality could constitute a disqualification under this requirement);
- O. May be a member in a joint membership, except only one person of that joint membership can be a board member;
- P. May be an individual selected by an authorized farm corporation or family farm corporation who is residing on or actively operating the farm;
- Q. May be an individual officer selected by a member that is not a natural person (such as a corporation, partnership, sole proprietorship, limited liability company, or limited liability partnership), provided that not more than two such officers may serve on the Board at the same time;
- R. In the case of an incumbent Director seeking re-election, the Director shall not be eligible for re-election unless, no later than sixty (60) days before the date of the meeting at which directors are to be elected, the incumbent Director has received a Credentialed Cooperative Director designation, Director's Certificate, or similar or successor certification, from the National Rural Electric Cooperative Association. The cost of said education shall be paid by the Cooperative. The Board may excuse the failure of a Director to strictly comply with this paragraph R for good cause.

With regard to the provisions in paragraphs H and I above, no incumbent director shall lose eligibility to remain a director or to be reelected a director if, during a director's incumbency, a director becomes a first kindred relative of another director or of a Cooperative employee because of a marriage or adoption to which the director was not a party.

3. Procedure for Policy Implementation

This policy shall be implemented as follows:

- A. Immediately after receipt of any filing for director position, the Cooperative shall furnish the candidate with a copy of this Policy, Questionnaire and Affirmation Form to ensure that the candidate is qualified in accordance with it;

- B. The Board, in filling any vacancies occurring on the Board, shall ensure that an appointed director is first fully apprised of this Policy and is qualified in accordance with it;
- C. In any event, all persons filing for, or being considered for appointment, as director shall, prior to election or appointment, be required to read this Policy and to execute the Affirmation Form and Questionnaire, which are attached hereto and made a part hereof;

RESPONSIBILITY: The Board of Directors shall be responsible for the enforcement of this Policy.