

TALQUIN ELECTRIC COOPERATIVE, INC.

POLICY NO. 4-1

SUBJECT: Qualifications for Trusteeship

I. OBJECTIVE:

- A. To state the opinions of the Board of Trustees, based upon past and present experiences and future problems, on desirable qualifications which have been determined to be essential characteristics of those individuals who are elected to succeed such Trustees.
- B. To provide, and to inform the membership, on guidelines for those persons nominated and voted upon for service as a member of the Board of Trustees of the Cooperative.
- C. To provide the membership with a means of assuring themselves of the election of Members to the Board of Trustees who are qualified to carry out the ideals and objectives, formulate policy, develop plans, and insure their execution.
- D. To provide a procedure for conducting the qualifications verification process for incumbent Trustees and nominees.
- E. To provide a procedure for notifying an incumbent member of the Board of Trustees if it is determined he or she no longer meets the qualifications required by Article IV of the Cooperative's By-laws, allowing the Trustee an opportunity to comply, if possible, and providing the Trustee an opportunity to be heard.
- F. To provide records retention requirements for documents used for the qualification verification process.

II. POLICY CONTENT AND PROVISIONS:

The Board of Trustees of Talquin Electric Cooperative, Inc. has resolved that the policy contained herein shall be followed when considering the qualifications for Trusteeship:

- A. That any committees, Member, or Members who nominate an individual by Petition to be voted upon for election to the Board of Trustees of the Cooperative shall be aware of and should carefully and seriously consider the requirements before such a nomination is entered. To become or remain a Trustee, a person must meet all of the following requirements:
1. Is a natural person or individual.
 2. Has earned a high school diploma from an accredited institution, or obtained state certification through General Educational Development tests (GED), by the deadline to submit nominations by Petition.
 3. Is a Member and bona fide resident in the area served by the Cooperative and is a resident of the district for which he or she is nominated to serve. Whether an individual is a "bona fide resident" shall be determined by the individual's "permanent residence" which is defined as the place where an individual has his or her true, fixed, and permanent home and principal establishment to which, whenever absent, he or she intends to return. Permanent residence can be established by a valid driver's license, voter's registration, and/or homestead exemption claim.
 4. Is not in any way employed by or financially interested in a competing enterprise or a business selling electric energy or supplies to the Cooperative or a business primarily engaged in selling electrical or plumbing appliances, fixtures or supplies to the Members of the Cooperative.
 5. Is not presently employed by and has not been employed for a period of at least five (5) years, by the Cooperative or any entity controlled by the Cooperative or an entity in which the Cooperative owns a majority interest.
 6. Is not the incumbent of or candidate for an elective public office in connection with which a salary or compensation in excess of one hundred dollars (\$100.00) per annum is paid.
 7. Has the capacity to enter legally binding contracts.
 8. Has not been convicted of a felony. The term "convicted" shall include a finding of guilt, a plea of guilty, a plea of nolo contendere or a verdict of guilty, whether or not adjudication was withheld or clemency has been granted.

9. Has been subjected to a criminal background check administered by the Cooperative. The purpose of the criminal background check shall be to determine whether the Member has been convicted of a felony. The type of criminal background check on a Board candidate or a Board Trustee shall be similar to the type of criminal background check which the Cooperative obtains on its employees.
 10. Has been subjected to and passed the initial and periodic random drug screenings administered by the Cooperative for its employees.
 11. Has been subjected to a credit check performed by the Cooperative without evidence of a history of financial irresponsibility. The credit check shall consist of a review of the Member's billing history with the Cooperative. The Member will not meet the requirement that he/she is "without evidence of a history of financial irresponsibility" if, during the most recent twelve (12) consecutive months of service: (a) the Member has had any single account placed on the Cooperative's cutoff list more than two (2) times or (b) the Cooperative has received more than two (2) returned checks from the Member.
 12. Is a Member in good standing of the Cooperative without any disconnections for non-payment of utility services within the last five (5) years.
 13. Is willing to devote such time and effort to his or her duties as a trustee as may be necessary to oversee the Cooperative's business and affairs.
 14. Is not a close relative of a Cooperative employee, trustee, or any person in a position of trust with the Cooperative. A close relative is considered to be an individual who through blood, law, or marriage is a spouse, child, stepchild, father, stepfather, mother, stepmother, brother, stepbrother, half-brother, sister, stepsister, half-sister, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, or daughter-in-law; or resides in the same residence.
 15. Is not employed by another trustee, or employed by an entity over which another trustee exercises substantial control.
- B. That service as a Trustee shall include the following responsibilities for growth and development, for keeping himself/herself and others informed, and for participating in all functions of the Board:

1. To expend the effort needed to understand the Cooperative's problems and to provide the judgment needed to reach decisions in constantly changing circumstances.
 2. To support all official decisions and actions made or taken by a majority of the Board.
 3. To conscientiously study the information contained in reports submitted to the Board.
 4. To contribute to the development of statements on functions and responsibilities of Board members and to work toward their constant improvement.
 5. To objectively evaluate and consider the questions and problems with which the Cooperative is faced.
 6. To keep informed as to the ideals and objectives of the Cooperative and to further study and analyze the policies, plans and problems which result from efforts to achieve such ideals and objectives.
 7. To keep informed on, alert to, and aware of the attitudes of the Members, the employees, and the general public toward the Cooperative's objectives and policies.
 8. To inform all interested persons about the Cooperative's ideals, objectives, programs and services.
- C. That any committees, Member or Members who nominate an individual by Petition to be voted upon for election to the Board of Trustees shall consider the following suggested questions when reviewing the personal qualifications of the proposed nominee:
1. What is the business record of the individual and what has the management of his own affairs indicated as to the possession of sound business judgment?
 2. What is the judgment of the proposed nominee's neighbors as to his demonstrated capacity for leadership and his reputation for honesty and integrity?
 3. What has the proposed nominee done that would demonstrate his capacity for working with others?

4. What are the ideas and objectives of the proposed nominee as they relate to Cooperative principles and philosophy?
 5. What are the problem areas which the proposed nominee might encounter when helping his fellow Members obtain a more complete understanding of the Cooperative and its activities and problems?
- D. This policy shall be in addition to existing provisions of the Articles of Incorporation and approved By-laws, and is intended to serve as a guide in keeping Members informed on their nominating and voting obligations.

III. RESPONSIBILITY:

- A. Annual Qualifications Review - Incumbent Trustees. The Director of Administration, with the assistance of the Cooperative's attorney, shall annually review the qualifications of each incumbent Trustee to verify that each Trustee continues to meet the qualifications required by Article IV, Section 2 of the Cooperative's Bylaws and Section II(A) of this policy (the "**Trustee Qualifications**"). Such verification shall be made not less than sixty (60) calendar days, but not more than one hundred (100) calendar days, before the date of each Annual Meeting. The verification process shall be similar to that conducted for a Trustee who has submitted a Petition for re-election; however, because incumbent Trustees are subject to random drug screenings throughout the year, a drug screening is not required at the time of the annual verification for an incumbent Trustee unless he/she has submitted a Petition for re-election. The verification of qualifications is not required for an incumbent Trustee who has one hundred (100) calendar days or less in his/her term and who has not submitted a Petition for re-election.
- B. Qualifications Review - Nominees for Trustee. The Director of Administration, with the assistance of the Cooperative's attorney, shall review the qualifications of each person who submits a Petition with the requisite number of Member signatures within the time required by the Cooperative's Bylaws to be nominated for election as Trustee. This review shall be for the purposes of verifying that each nominee meets the Trustee Qualifications.
- C. Qualifications Review - Forms.
1. The Director of Administration shall complete the Trustee Qualification Certification (attached to this policy) as part of the verification process for all current Trustees and nominees for Trusteeship. Once completed, the Director of Administration shall

provide an executed copy of the Certification to the Cooperative's attorney.

2. All Trustees and nominees for Trusteeship shall complete the Qualifications for Trusteeship – Questionnaire (attached to this policy) as part of the verification process.
3. In addition to the foregoing, all nominees for Trusteeship (including incumbent Trustees seeking re-election) shall complete the Affirmation of Compliance and Authorization form (attached to this policy) which shall provide the individual's consent to the Cooperative testing for chemical substances, conducting criminal background checks, and reviewing the individual's membership and account information.

D. Violation of Qualification Requirements by Trustee.

1. If, at any time, the Director of Administration determines (after consultation with the Cooperative's attorney) that a member of the Board of Trustees no longer meets or has violated the Trustee Qualifications (an "**Unqualified Trustee**"), then the Cooperative's attorney shall immediately notify the Board President in writing about the Unqualified Trustee, together with a description of the Unqualified Trustee's specific violation of the Trustee Qualifications. If the Unqualified Trustee is the Board President, the Cooperative's attorney shall provide the required notice described herein to the Board Vice President.
2. The Board President (or Board Vice President if the Board President's qualifications are at issue) shall (i) notify the Unqualified Trustee about his or her violation of the Trustee Qualifications and potential disqualification; and (ii) notify the other members of the Board of Trustees about the Unqualified Trustee's potential disqualification.
3. If the violation is of the type that may be remedied, the Unqualified Trustee may remedy the violation within thirty (30) calendar days after written notice of the violation is sent to the Unqualified Trustee. Whether the violation is remediable shall be determined by the Cooperative's attorney.
4. If the Unqualified Trustee remains in violation of the Trustee Qualifications after receiving notice and the opportunity to comply, or if the violation is of the type that is not remediable, then the Board shall provide the Unqualified Trustee written notice of the Board's intent to remove the Trustee at an upcoming regular meeting of the Board.

Notice must be provided to the Unqualified Trustee at least twenty-one (21) calendar days in advance of the meeting at which the Board will consider removal of the Unqualified Trustee. The Board shall allow the Unqualified Trustee the opportunity to be heard at the meeting before the Board votes on whether to remove the Unqualified Trustee. A Trustee shall recuse himself or herself and abstain from any discussion, deliberation, or vote concerning his or her own qualifications or removal.

5. Copies of all documents and written notices related to a Trustee Qualification violation under this Section D shall be retained by the Director of Administration together with the Trustee Qualification Records as prescribed in Section F, below, for six (6) years.
- E. Failure to Satisfy Trustee Qualifications by Nominee. The Director of Administration shall promptly advise the Cooperative's attorney if any nominee for Trusteeship fails to satisfy the Trustee Qualifications. Upon being notified of a nominee's failure to satisfy the Trustee Qualifications, the Cooperative's attorney shall notify the nominee, in writing, of the specific qualification the nominee failed to satisfy. Because of the limited period of time between the deadline for submitted petitions (60 days prior to the annual meeting) and the deadline for the Cooperative to complete the qualifications process and post the names of all qualified nominees (45 days prior to the Annual Meeting), a nominee's failure to satisfy the Trustee Qualifications must be remedied by the nominee within three (3) business days of receiving notice from the Cooperative's attorney, if possible; otherwise, it shall be deemed non-remediable.
- F. Qualification Records Retention. The Director of Administration shall maintain completed copies (either physical or electronic) of each of the documents listed below for each Trustee and nominee for six (6) years:
1. Trustee Qualification Certification;
 2. Qualifications for Trusteeship – Questionnaire; and
 3. Affirmation of Compliance and Authorization;

If the Director of Administration obtains hard copies of any applicant's criminal background checks, drug test results, or any other personal information obtained from third-parties as part of the qualifications verification process, these records shall be destroyed 120-days following the Cooperative's receipt of the report.

IV. RESPONSIBILITY

- A. The President shall arrange for the Trustee Qualifications to be published periodically in any news media of the Cooperative.
- B. The President is responsible for determining that this policy is adhered to and made known to interested persons at all time.
- C. The Director of Administration is responsible for maintaining and destroying all records associated with the qualifications verification process, as required by this policy.

APPROVED: BOARD OF TRUSTEES

DATE: December 2, 1970

REVISED: 1/21/1976 11/16/2011 9/20/2017 1/16/2019 6/19/2019

4/21/2021 ____/2024