

KOOTENAI ELECTRIC COOPERATIVE, INC.  
Policy No. 2-25

- I. SUBJECT: Minimum Qualifications and Expectations for Service on the Cooperative's Board of Directors
- II. OBJECTIVE: To publish the qualifications for election or appointment to the Cooperative's Board of Directors and to establish expectations of service.
- III. POLICY: Certain qualifications are required by law and the Cooperative's Bylaws to become and remain a Director of the Cooperative. Should a candidate seeking election to the Board lack any of the necessary qualifications for service, it is the duty of the Nominating Committee to declare such person ineligible for election. The Board shall exercise this same standard of care when considering appointments to fill vacancies on the Board. In addition, if the Board determines an incumbent Director lacks or has lost any of the necessary qualifications, the Board should take appropriate action to remove such Director and to declare a vacancy in the position.

Qualification for service will be ascertained, in part, through a candidate's completion of the Director Application, background checks, educational credential verification, social media activity review, drug and alcohol screening and interviews with the Nominating Committee.

Some of the qualifications required of a Director are as follows:

A. General Legal Requirements

To become and remain a Director of the Cooperative, general law provides that a person shall, among other requirements:

- 1. Adhere to all applicable requirements of law, the Cooperative's Articles of Incorporation and Bylaws, and its adopted policies and decisions;
- 2. Assume a fiduciary duty to the Cooperative and its members and act in good faith in the Cooperative's best interest as the Director reasonably believes to be the case under the circumstances;
- 3. Be loyal to the Cooperative and not to conflicting personal or commercial interests;
- 4. Have at least the minimum knowledge and skills necessary to govern the affairs of the Cooperative; and
- 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.

- B. Bylaw Requirements: To become and remain a Director of the Cooperative, a person must meet the qualifications for service as established by the Cooperative's Bylaws.

C. Expectations of Service

A Director should be aware of and supportive of the following principles and duties:

1. The Seven Cooperative Principles.
2. The Cooperative's Mission and Vision Statement and its current strategic plan.
3. To study data and other information presented to the Board to keep fully informed.
4. To support the decisions and actions of the Board made by board majority and to maintain board room confidentiality.
5. To actively participate in the governance of the business and affairs of the Cooperative. Directors spend approximately sixty (60) days on Cooperative-related activities annually.
6. To attend informational meetings on current and future issues relating to the operation of the Cooperative.
7. To represent the Cooperative's membership on an impartial basis as well as the Director's designated district.
8. To disqualify himself/herself from consideration of issues where personal or business relationships could be viewed as a potential conflict of interest.
9. To attend cooperative director training to develop and expand knowledge of the electric utility industry.

D. Candidate Background and Experience

In addition to the expectations described above, the following shall be considered before recommendation or nomination:

1. Past experiences, character and performance that justify consideration for nomination as a Director of Kootenai Electric Cooperative.
2. The ability and commitment to further the interests of the Cooperative.

3. Service in any positions of leadership which specifically qualify the candidate to be nominated as a Director of the Cooperative.
4. Basic knowledge of the Cooperative's objectives, goals and services.
5. Ability to understand and use the Cooperative's financial statements and records to make decisions affecting the financial health of the Cooperative.
6. Personal qualities that will enable the candidate to ably represent the Cooperative.
7. Special talents or skills which uniquely qualify the candidate for nomination to the Board.
8. Willingness of the candidate to potentially serve multiple 3-year terms due to the significant educational costs incurred by the Cooperative.

E. Director Training and Continuing Education

Directors shall:

1. Attain NRECA Credentialed Cooperative Director certification (CCD) within the first three (3) years of service. Certification and ongoing training should be obtained with the cost to the Cooperative in mind.
2. Attend at least one (1) class, seminar or industry conference each year on cooperative governance or relevant cooperative topics.
3. Failure to comply with the training requirements may be grounds for removal from the board of directors in accordance with the Cooperative's Articles of Incorporation and Bylaws.

F. Policy Implementation

1. Candidates interested in serving on the Cooperative's board of directors shall be furnished a copy of the Cooperative's Articles of Incorporation and Bylaws, this policy, and the Application for Director. The candidate shall review these materials, complete the provided forms and return them to the Cooperative prior to the application deadline for candidacy.
2. The Cooperative will initiate background checks on candidates who have submitted an application and direct the Cooperative Attorney to review the findings for compliance with the established qualifications for service or notify the candidate of the circumstances of possible disqualification.

3. The Cooperative will then provide the Nominating Committee a list of candidates seeking nomination, a copy of their application forms and any legal guidance resulting from the Cooperative Attorney's review of the background check. Candidates seeking election by petition will be notified by the Cooperative of their eligibility or the circumstances of their disqualification.
4. Each year prior to candidate consideration, this policy and the Cooperative's current Bylaws shall be disseminated and explained to the Cooperative's Nominating Committee. The Committee will interview all Director candidates to ensure each is qualified in accordance with this policy.
5. In the event of a mid-term vacancy, the Board shall ensure each director candidate is fully apprised of this policy and meets and satisfies each qualification and eligibility requirement.

IV. **RESPONSIBILITY:** The Board of Directors shall be responsible for the administration of this policy.

Adopted: 05/18/89  
Effective: 05/18/89  
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11/19/98  
05/31/01  
02/28/06  
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Attested: \_\_\_\_\_

  
Secretary