

**4.2 Qualifications.** A Director or Director Candidate must comply with this Bylaw.

- a. **General Director Qualifications.** To become or remain a Director, a Person must comply with the following general qualifications ("General Director Qualifications"):
- (1) be an individual;
  - (2) be at least eighteen years of age and have the capacity to enter legally binding contracts;
  - (3) while a Director, and during the five years immediately before becoming a Director, not:  
(A) be convicted of any felony, or any Class A or B misdemeanor; and (B) plead guilty to any felony or Class A or B misdemeanor;
  - (4) for all new Directors elected or appointed after May 2009, except as otherwise provided by the Board for good cause, receive a Credentialed Cooperative Director designation, Director's Certificate, or similar certification from the National Rural Electric Cooperative Association within three years of becoming a Director;
  - (5) except as otherwise provided under Section 4.8.B, any Director who misses three consecutive meetings or a total of five meetings within any period of twelve months shall be ineligible to remain as a Director; and
  - (6) comply with any other reasonable qualifications determined by the Board or the Members.
- b. **Membership Director Qualifications.** To become or remain a Director, an individual must comply with the following qualifications ("Director Qualifications"):
- (1) while a Director, be a Member of the Cooperative; and
  - (2) while a Director and during the one year immediately before becoming a Director: (A) be an unsuspended Member; (B) for at least six months each calendar year, personally Occupy and Receive electric service at the individual's primary residential abode, which abode must be within the Director District from which the Director is nominated, elected and/or appointed;
  - (3) be elected by the membership or appointed by the Board.
- c. **Conflict of Interest Director Qualifications.** To become or remain a Director, an individual must comply with the following conflict of interest qualifications ("Conflict of Interest Director Qualifications"):
- (1) annually complete and sign a conflict of interest certification and disclosure form approved by the Board;
  - (2) while a Director, not be a Close Relative of either another Director or any Cooperative employee;
  - (3) not be an employee nor a former employee, nor the spouse of a former employee of the Cooperative, and not be an employee, nor the spouse of an employee, of an entity controlled by the Cooperative by way of the Cooperative owning a majority interest in the entity;
  - (4) while a Director, not be a paid Representative, nor the spouse of a paid Representative, of any Bargaining Unit that represents an Employee group of the Cooperative;
  - (5) while a Director and during the one year immediately before becoming a Director, not personally receive nor have a Close Relative that personally receives more than ten percent of the person's annual gross income, other than insurance or Director compensation income, directly or indirectly from the Cooperative or entity controlled by the Cooperative;

- (6) while a Director and during the one year immediately before becoming a Director, not advance or have a Close Relative that advances the individual's pecuniary interest by competing with the Cooperative or a Cooperative Subsidiary;
  - (7) while a Director, not be employed by another Director or be employed by, or receive more than ten percent of annual gross income from, an entity for which another Director controls, owns more than ten percent, or is a director or officer;
  - (8) while a Director and during the one year immediately before becoming a Director, not be employed by, control, or own more than ten percent of, serve as a director or officer of, or receive more than ten percent of annual gross income from an entity that: (A) advances the entity's pecuniary interest by competing with the Cooperative or a Cooperative Subsidiary; (B) receives more than ten percent of its annual gross income directly or indirectly from the Cooperative or a Cooperative Subsidiary or Members; or (C) is in a business engaged in the construction and maintenance (including right-of-way maintenance) of distribution and/or sub-transmission lines of the Cooperative; and
  - (9) while a Director, not be an incumbent of or candidate for an elective public office in connection with which a salary is paid.
- d. **Director Disqualification.** After being elected, designated, or appointed, if a Director does not comply with all General Director Qualifications, Member Director Qualifications, and Conflict of Interest Director Qualifications (collectively, "Director Qualifications"), then, except as otherwise provided by the Board for good cause or otherwise provided in Sections 4.8.A and 4.8.B, the Board may disqualify the Director and the individual is no longer a Director if:
- (1) the Board notifies the Director in writing of the basis for, and provides the Director an opportunity to comment regarding, the Board's proposed disqualification; and
  - (2) within forty 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 the 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.

Notwithstanding any other foregoing provisions of this section dealing with close relative relationships, no incumbent director shall lose eligibility to remain a director or to be re elected as a director if, during his incumbency as a director, he becomes a close relative of another incumbent director or of a Cooperative employee because of a marriage or adoption to which he was not a party nor shall any incumbent director lose eligibility to remain or be re elected as a director if serving at the time of adoption of these bylaws. Nothing in this Section shall, or be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board unless such action is taken with respect to a matter which is affected by the provisions of this section and in which one or more of the directors have an interest adverse to that of the Cooperative. Upon establishment of the fact that a nominee for director lacks eligibility under this Section or as may be provided elsewhere in these bylaws, it shall be the duty of the chairman presiding at the meeting at which such nominee would otherwise be voted upon to disqualify such nominee. Upon the establishment of the fact that any person being considered for, or already holding, a directorship or other position of trust in the Cooperative lacks eligibility under this Section, it shall be the duty of the board to withhold such position from such person, or to cause him to be removed therefrom, as the case may be. Nothing contained in this Section shall, or shall be construed to, affect in any manner whatsoever the validity of any action taken at any meeting of the board, unless such action is taken with respect to a matter which is affected by the provisions of this Section and in which one or more of the directors have an interest adverse to that of the Cooperative.