



## NOMINATING COMMITTEE

### I. OBJECTIVE

To ensure that the most qualified people are nominated to serve on Jefferson Energy Cooperative's Board of Directors as defined by Article IV, Section 4.02 of the Bylaws, and to clearly define the procedure to do this consistent with the Bylaws and other legal requirements.

### II. POLICY

- A. The Nominating Committee shall be appointed as set forth in Section 4.06 in the Bylaws of Jefferson Energy Cooperative.
- B. The Nominating Committee must consider the qualifications set forth in Bylaw Section 4.02.
- C. The Cooperative Attorney will attend all meetings of the Nominating Committee to instruct them as to responsibilities and to answer any questions that may arise.
- D. Each individual appearing before the Nominating Committee (including incumbent directors) must complete the Applicant Self-Certification which is attached to this policy.
- E. In the event an incumbent director does not seek re-election or does not meet the qualifications set forth in Bylaw Section 4.02, the Nominating Committee shall seek other individuals for nomination who meet the Bylaw requirements for director qualifications. In the event an incumbent director is not nominated, the Nominating Committee must nominate more than one candidate for the position to be filled.
- F. In the event of a director cannot complete his/her term and a vacancy occurs (See Section 4.09 of the Bylaws on vacancies), the current Nominating Committee will meet to seek individuals who meet the Bylaw requirements for director qualifications. The Committee will recommend to the Board more than one candidate who is willing to serve as a director.



- a. The Chairman of the Nominating Committee shall meet with the Board and discuss its recommendations.
- b. The Board, by an affirmative vote of a majority of the remaining Directors, shall appoint a director to fill the vacancy from those individuals recommended by the Committee.
- c. The individual appointed by the Board shall serve until the next election of the Directors by the members.<sup>1</sup>

### **III. RESPONSIBILITY**

- A. Chairman of the Board

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<sup>1</sup> Or for the rest of the unexpired term, depending on the Bylaws.

JEFFERSON ENERGY COOPERATIVE DIRECTOR CANDIDATE  
APPLICANT SELF-CERTIFICATION  
Director Qualifications, Duties, Responsibilities, Standards of Conduct  
and Professional Development

**Instructions:** It is important for Members interested in serving on the Jefferson Energy Cooperative Board of Directors to understand the qualifications, duties, and responsibilities, standards of conduct and professional development requirements and expectations of the director position.

Each Candidate Applicant (whether nominated by the Nominating Committee or by petition as provided for in Section 4.06) is required to complete the Self-certification form and return it as part of Nomination and Certification Application. To be eligible to run for the Jefferson Energy Cooperative Board of Director candidates must comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively, "Director Qualifications") as outlined below, and consistent with the Section 4.02 and any other applicable portions of the Bylaws.

To complete the Self-certification form please check each item and initial at the end of each section that you have read, understand and comply<sup>i</sup> (or will comply if elected) with the specific item as stated. At the end of the form you will also be required to affirm receipt of, understanding of and support for the Director Qualifications, Duties, Responsibilities Standards of Conduct and Professional Development as outlined in the Candidate Applicant Self-Certification.

**General Director Qualifications**

I certify that I meet the following general qualifications:

- I am an individual.
- I have not have been previously removed or disqualified for failing to comply with the General Director Qualifications while serving as Director (as defined herein).
- I have graduated from high school or earned an equivalent degree or certification.
- I have not been convicted of, or plead guilty to, a felony.
- I have not had a final judgment entered against me involving civil fraud, ethical violations, discrimination and/or acts of harassment.
- I am not nor have I, within the last seven years, been a debtor in a personal or business related federal bankruptcy proceeding or a similar proceeding under applicable state law such as insolvency, liquidation, receivership reorganization, or assignment for the benefit of creditors.

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- I am not nor have I been a party, within the last seven years, to a foreclosure or other proceeding (judicial or non-judicial, personal or business related), which proceeding is or was instituted because of my default on indebtedness.

**Director Expectations**

If elected to the Jefferson Energy Cooperative Board of Directors, I agree to:

- Except as otherwise provided by the Board of Directors for good cause shown, I will receive a Credentialed Cooperative Director designation, Director's Certificate, or similar designation or certification from the National Rural Electric Cooperative Association within three (3) years of becoming a Director and after becoming a Director, participating in and complete required Director training as established by the Board of Directors. I realize that this will require overnight travel outside of the Jefferson Energy Cooperative service area, and in some cases, travel by air.
- Except as otherwise provided by the Board for good cause, I will attend all properly noticed Regular and Special Board Meetings, Committee Meetings and Board Telephone/Video Conference Meetings.
- While a Director, I will not breach the Director's fiduciary duties to the Cooperative, as outlined below, violate confidences, or engage in illegal activity under the color of authority as a Director;
- I will comply with any other reasonable qualifications determined, made, adopted, amended, and/or promulgated in policies or rules of the Cooperative, not inconsistent with law, the Articles of Incorporation regulations, or the Cooperative's Bylaws.

**Membership Director Qualifications**

I further certify, that if elected, that while a Director and during the one year immediately before becoming a Director:

- I am a Member in good standing and have not been suspended as defined in Cooperative Bylaw Section 2.01.
- I permanently reside, and will continue to reside, and use electric energy provided by the Cooperative, at the principal residence as defined under federal tax law 26 C.F.R. § 1.121-1(a)(2). My said residence is within the Director Region from which I am seeking to be nominated and elected.

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**Independence Director Qualifications**

To become and remain a Director, if elected, I agree to the following:

- I will annually complete and sign an independence certification, conflict of interest disclosure form and confidentiality agreement.
- I am not a Close Relative of an incumbent director or of an employee of the Cooperative; I am not an employee or director of a competing utility or enterprise, or a Close Relative of an employee or director of a competing enterprise; nor have I, within five (5) years immediately preceding the date of the meeting in which the directorship is to be voted upon, been an employee of the Cooperative.
- During the last year, I have not been an elected official of a public office full time for compensation.

**Desired Skills and Knowledge**

- Specific qualifications to be eligible to become and remain a Director, if I am elected, are set forth in the Cooperative Bylaws. I agree to abide by those qualifications and acknowledge that I possess the professional and personal qualifications to effectively serve as a Director.

**Key Responsibilities and Functions of the Board**

- I am aware of the functions and responsibilities of the Board of Directors and my role in helping the Jefferson Energy Cooperative Board fulfill these functions. I agree to work in good faith with my fellow Board members to accomplish the goals of the Cooperative.
- Set the Cooperative's mission, purpose(s), and engage, on a regular basis, in strategic planning and on-going strategic discussions.
- Act as a trustee to the membership's interest.
- Review, monitor, and report to the membership the critical operating and financial performance of the Cooperative.
- Contract for and approve an annual independent financial audit.
- Select clear performance expectations of, regularly monitor and evaluate the performance of, and fix the compensation of the CEO and when necessary hire and terminate a CEO.
- Establish the limits of the CEO's authority to budget, administer finances and compensation, establish programs, and otherwise manage the Cooperative
- Select and appoint General Counsel.

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**Access to Cooperative Management and Information and the Duty to Maintain Confidentiality**

- As a Director, if elected, I understand that I will have unique access to Cooperative Management as well as confidential and/or proprietary Cooperative information and that it is my responsibility to maintain the integrity and confidentiality of this information.

**Conduct with Respect to Fellow Directors**

- As a member of the Jefferson Energy Cooperative Board of Directors, if elected, I understand that regardless of any personal differences, in dealing with fellow Directors I will conduct myself appropriately. I further agree to publicly support the decisions of the Board.

**Board Self-Evaluation**

- I understand that the Board shall engage in an annual self-evaluation of its performance and accomplishments in relation to the goals and mission of Jefferson Energy Cooperative. I further understand that the Board will also participate in an annual director peer assessment to provide feedback to individual Directors with regard to their performance in filling their duties, responsibilities, standards of conduct and professional growth commitments.

**Board Orientation**

- I understand that if elected to the Board, as a new Director, I will receive a thorough orientation into the responsibilities of his/her position, conducted by the Board Chairman, the CEO, General Counsel and designated management staff.

**Board Training and Development**

- I understand that formal and informal training and educational programs in the areas of industry issues, broad operational considerations, risk, business, financial and governance principles are desirable and necessary for a Director to function most effectively in his/her responsibilities. I agree to satisfy the educational requirements for a board member as established by applicable bylaw and policy provisions.

**Director Disqualification**

- I understand, to be eligible run for the Jefferson Energy Cooperative Board of Director I must comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications (collectively,

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“Director Qualifications”) as outlined above, and consistent with the Bylaws, Section 4.02.

- I understand that if elected, after being elected, if I do not comply with all General Director Qualifications, Membership Director Qualifications, and Independence Director Qualifications existing when I was elected, designated, or appointed, then, except as otherwise provided by the Board for good cause, the Bylaws shall disqualify me and I am no longer a Director if:
  - (1) the Board notifies me in writing or electronically of the basis for, and provides me an opportunity to comment regarding, the Board’s proposed disqualification; and
  - (2) within thirty (30) days after the Board notifies me of the proposed disqualification, I neither comply with nor meet the Director Qualification.

I, the undersigned, have received, read, understand, agree to, and support the Director Qualifications, Duties, Responsibilities Standards of Conduct and Professional Development Requirements.

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

Signed before me this \_\_\_\_\_ day  
of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public  
Expiration Date: \_\_\_\_\_

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Please Note: To verify that the Candidate Applicant meets the Director Qualifications as defined in Bylaw Section 4.02, written consent is also required to authorize Jefferson Energy Cooperative or its agent to perform appropriate background checks, including but not limited to, credit and criminal checks and education history. The signed disclosure, authorization form and payment for the background check must be included as part of the Nomination and Certification Application.

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