

Qualifications for Being a Director

of Eastern Iowa Light & Power Cooperative

(Article VI, Section 5, of the Cooperative's Articles of Incorporation)

No person shall be eligible to become or remain a director or to hold any position of trust in the Cooperative who:

1. Is not a member and bonafide resident in the District he/she is to represent.
2. Is in any way employed by or financially interested in a competing enterprise or 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.
3. Nothing contained in this section shall affect in any manner whatsoever the validity of any action taken at any meeting of the Board of Directors.

Compensation of Directors

(Article V, Section 3, of the Bylaws of the Cooperative)

"Directors shall not receive any salary for their services as such, except that the Board of Directors may by resolution authorize a fixed fee, not to exceed Four Hundred Dollars (\$400.00) per day, for each day or portion thereof spent on Cooperative business, such as attendance at board meetings, conferences and training programs, or performing committee assignments when authorized by the Board of Directors except an additional fixed fee of Fifty Dollars (\$50.00) payable to Directors serving as Board President, Board Secretary or Board Treasurer for each day or portion thereof in attendance at regularly scheduled or special meetings of the Board of Directors. If authorized by the Board of Directors, Directors shall also receive reimbursement of any actual travel and out-of-pocket expenses incurred, in accordance with the Cooperative's established policies applicable to employees on authorized travel. No Director shall receive compensation for serving the Cooperative in any other capacity, nor shall any close relative of a Director receive compensation for serving the Cooperative, unless the payment and amount of compensation shall be specifically authorized by a vote of the members or the service by such Director or close relative shall have been certified by the Board of Directors as an emergency measure."

Eastern Iowa Light & Power Cooperative

BOARD POLICY

SUBJECT: Director Duties, Responsibilities, Standards of Conduct, and Professional Development

OBJECTIVE: Describe the duties and responsibilities of the Board of Directors, the standard of conduct and professional development expected of individual board members.

POLICY:

The Board of Directors shall direct the affairs of Eastern Iowa Light & Power Cooperative (“EILP”). The powers of this cooperative are held solely by the Board of Directors, except such powers that have been conferred upon or reserved for the member-owners by statute or by EILP’s Articles of Incorporation or bylaws. Ultimate responsibility for EILP’s performance resides in the board. Herein is a listing of these duties and responsibilities. In addition, this policy will establish standards whereby these powers may be exercised in the best interests of the cooperative. Further, it shall be the policy to expect its directors to gain and maintain the knowledge and skills necessary to function actively and effectively.

EXPECTATIONS:

A. Fiduciary Duty: The Board of Directors have a fiduciary duty to the cooperative and its member-consumers. This duty is described as follows:

A director shall discharge their duties as a director, including their duties as a member of a committee:

1. in good faith;
2. with the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
3. in a manner the director reasonably believes to be in the best interests of the corporation.

B. Key Responsibilities and Functions of the board:

1. Set the mission, purpose(s), and engage, on a regular basis, in strategic planning;
2. Select, regularly evaluate the performance of, and fix the compensation of the CEO;
3. Review, monitor and report to the membership regarding the critical operating and financial performance of the cooperative;
4. Ensure effective planning and adequacy of resources;
5. Contract for and approve an annual independent financial audit;
6. Provide program oversight and support, including the adoption of Board Policy and monitoring

for compliance with legal and regulatory requirements, as well as the adequacy of internal controls.

7. Select, regularly evaluate the performance of, and fix the compensation of the Cooperative Attorney;
8. Approve new memberships.

C. Access to Management and Information and the Duty to Maintain Confidentiality

Directors are entitled to reasonable access to management, data, or other information. A director shall keep confidential matters involving the cooperative not disclosed to the general public.

1. Requests for access to information or staff should normally be made to and through the CEO, Board President or Executive Committee member. In some instances, however, it may be appropriate for directors to seek information directly from other employees or outside consultants or experts.
2. When a director has sought access to information not generally available to the public or reported to the board, the CEO shall report to ensure board members have equal access to the information.

LIMITATIONS:

A. Conduct with Respect to Fellow Directors

Regardless of any personal differences, directors should at all times:

1. Demonstrate mutual respect.
2. Allow opportunity for every other director to be heard on any matter being considered by the board.
3. Refrain from revealing to persons other than directors, the CEO, or the cooperative's attorney differences of opinion among directors on matters considered and acted upon by the board.
4. Recognize the Board President has the responsibility and authority to enforce these standards of behavior, through reminders of the standards and expectations and the issuance of corrective action as referenced in board policies to the director who has breached these standards.
5. Publicly support decisions of the board except in extraordinary circumstances where the director can demonstrate a decision and/or action will bring harm to the cooperative or threaten its survival.

B. The Right to Rely on Others

In the discharge of duties, a director is entitled to rely on management, and board committees of which the director is not a member, to perform their respective responsibilities. A director is entitled to rely upon reports, opinions, information, and statements presented by management, employees, and outside advisors whom the director reasonably believes to be competent and reliable in the matters being presented.

C. Board Self-Evaluation

The Board shall regularly engage in a self-evaluation of its performance and accomplishments in relation to the goals and mission of the cooperative.

D. Board Orientation

Upon election to the Board, a new director will receive an orientation on responsibilities of the position, conducted by the Board President and the CEO.

E. Board Training and Development

Training and educational programs in the areas of governance responsibilities, utility operations and management oversight are desirable and necessary for a director to function most effectively.

1. Each director is encouraged to become credentialed under the Credentialed Cooperative Director program of the National Rural Electric Cooperative Association.
2. In addition to formal board training programs, directors are encouraged to attend conferences and other activities designed to improve the skills and knowledge. The expenses of enrollment and attendance at board training programs are paid by the cooperative in accordance with board policy.
3. The board training programs shall be conducted within the confines of an annual budget established by the Board for this purpose.

RESPONSIBILITY:

- A. A copy of this policy will be made available to candidates, nominees, or appointees to the board.
- B. New members to the board shall be informed regarding the terms and conditions of this policy and instructed to seek advisement on liability implications resulting from policy violations.
- C. EILP's legal counsel shall review this policy as requested by the board to discuss any potential liability implications resulting from violations.
- D. Members of the Board shall ensure this policy is followed.

ADOPTED BY THE BOARD OF DIRECTORS ON APRIL 24, 2022.
REVIEWED BY THE BOARD OF DIRECTORS ON JULY 1, 2022.

Eastern Iowa Light & Power Cooperative

Cooperative Addendum to Director Application

CHARACTERISTICS OF AN ELECTRIC COOPERATIVE DIRECTOR

In addition to meeting all the requirements stipulated in the bylaws, nominees or candidates for the board of directors should possess the following skills and abilities:

1. Adhere to the cooperative principles, including:
 - ▶ The right of people to form and join voluntary organizations to provide an essential service for themselves
 - ▶ Democratic control and the fact that directors are accountable to members
 - ▶ Economic participation by members whereby they contribute to and control the capital of the cooperative
 - ▶ The autonomy and independence of the cooperative
 - ▶ The importance of education, training and information for directors and members
 - ▶ Cooperation between cooperatives
 - ▶ Concern for community
2. Show leadership abilities in the community
3. Show accountability and integrity
4. Understand business issues and be capable of making sound business judgments
5. Be willing and able to give the time to prepare for and attend approximately 25 to 30 days annually for:
 - ▶ Meetings of the board
 - ▶ State and national association meetings
 - ▶ Director training and education
6. Participate constructively in board meetings by studying information and reports, raising questions, and contributing innovative ideas
7. Publicly support the decisions of the majority, including decisions with which the director may personally disagree
8. Represent the membership on an impartial basis
9. Be willing to represent the cooperative and present cooperative views to members, community groups and public and elected officials

Adopted by the Board of Directors: July 1, 2022.