



A Touchstone Energy® Cooperative 

## **BOARD TRUSTEE ELIGIBILITY POLICY B-1008**



**Covington Electric Cooperative, Inc.**

*Energizing Safety For Our Lives*

**(September 25, 2018  
Revised April 2019)**

# **BOARD TRUSTEE ELIGIBILITY POLICY**

## **TABLE OF CONTENTS**

**POLICY OBJECTIVE**

**GENERAL LEGAL REQUIREMENTS**

**BY-LAW REQUIREMENTS**

**CORPORATE POLICY QUALIFICATIONS**

**OTHER QUALIFICATIONS**

**BOARD MEETING & TRUSTEE REQUIREMENTS**

**POLICY IMPLEMENTATION**

**POLICY ENFORCEMENT**

**QUESTIONS CONCERNING QUALIFICATIONS FOR TRUSTEE**

**AFFIRMATION OF TRUSTEE QUALIFICATION**

**OFFICIAL PETITION FOR DIRECTOR NOMINATION**

**TRUSTEE DISTRICTS**

## 1. POLICY OBJECTIVE

The purpose of this policy is to outline the qualifications for election and/or appointment to serve on the Covington Electric Cooperative, Inc., Board of Trustees, and to establish necessary procedures/requirements which are to be adhered to during the appointment/election of such Board of Trustee.

Certain minimal qualifications are required by law and the Cooperative's Bylaws to become and remain a Trustee of Covington Electric Cooperative. It is the responsibility of the Board to ensure that those qualifications are met. If the Board should determine that an incumbent, Trustee nominee, or potential appointee to the Board lacks or has lost any of the necessary qualifications, it is the duty of the Board to remove such incumbent or to declare such nominee or potential appointee ineligible for election/appointment. The specifications are outlined below:

### **General Legal Requirements:**

General law provides that a person, to become and remain a Trustee of Covington Electric Cooperative Inc., shall among other things:

- A. Adhere to all applicable requirements of law, Covington Electric Cooperative's By-laws, the Cooperative's duly adopted policies, and the Cooperative's duly made decisions;
- B. Assume a fiduciary duty to the Cooperative and its members to act, in good faith, in their best interest as the Trustee reasonably believes to be the case under the circumstances;
- C. Be loyal to Covington Electric Cooperative, Inc. and not some conflicting commercial interest acting at all times in good faith for Cooperative's best interests and not for those of some other commercial interest;
- D. Not be affected by any continuing and substantial personal interest that is in direct conflict with the best interest of the Cooperative;
- E. Possess the minimum knowledge and skills necessary to understand and provide guidance to the Cooperative's affairs and;
- F. Be willing to devote such time and effort to the duties of a trustee as may be necessary to provide guidance to the Cooperative's affairs.
- G. Be willing to work to become certified through programs offered by NRECA (Credentialed Cooperative Director and obtain a Board Leadership Certificate) and others as they may become available.

- H. Not do business with the Cooperative in any way nor receive any compensation, (other than the per diem, reimbursements of expenses, and payment of fringe benefits) from the Cooperative for providing goods and services to it. These prohibitions shall also apply to the Trustee's close relatives (as defined in the **Corporate Policy Qualifications** below) and any business entity involving the Trustee or the Trustee's close relative;
- I. Demonstrate by his/her actions and understanding of and belief in Cooperative principles and the Cooperative way of doing business and support for the continuity of the Cooperative.

**By-Law Requirements:**

- A. No person shall be eligible to become or remain a trustee of the Cooperative who has been convicted of a felony or a crime involving moral turpitude;
- B. No person shall be eligible to become or remain a trustee of the Cooperative who is employed by or financially interested in any business that competes with an entity in which the Cooperative owns a substantial interest;
- C. No person shall be eligible to become or remain a trustee of the Cooperative who is an employee, a close relative of an incumbent trustee or of an employee of the Cooperative, or is not a member of the Cooperative in good standing (good standing meaning to have complied with all of the Membership Obligations described in Section 1.02 hereof) and has been receiving service from the cooperative at member's primary residence for not less than an uninterrupted period of one (1) year prior to the meeting of the Nominating Committee. Further, the member's primary residence must be located in the district for an uninterrupted period of not less than one (1) year prior to the meeting of the Nominating Committee, and if the member is elected to the Board of Trustees from said district, the member must maintain member's primary residence in the district throughout member's term of service;
- D. No person shall be eligible to become or remain a trustee of, or to hold any other position of trust in, the Cooperative who does not have the capacity to enter into legally binding contracts or is in any way employed by or substantially financially interested in a competing enterprise, or a business selling electric energy or supplies to the Cooperative, or a business substantially engaged in selling electrical appliances, equipment, fixtures or supplies primarily to members of the Cooperative.

- E. Trustees accepting office shall be deemed to have agreed to attend a reasonable number of essential seminars, workshops, state, regional and national meetings in order to become and remain an effective trustee;
- F. Notwithstanding the foregoing provision of this section treating close relative relationships, no incumbent trustee shall lose eligibility to remain a trustee or to be re- elected a trustee if, during his/her incumbency as a trustee, he/she becomes a close relative of another incumbent trustee or of a Cooperative employee because of a marriage or an adoption to which he/she was not a party;
- G. If it is discovered that a person became a Trustee at a time when he/she had a close relative who was an employee or an incumbent trustee at the time of such trustees election, the trustee shall no longer be eligible to hold office;
- H. If it is discovered that the Cooperative has employed a close relative of a Trustee after the date of the trustee's election, the trustee shall remain in office and the employment of the employee shall be terminated;
- I. Upon the establishment of the fact that any person being considered for, or already holding, a trusteeship in the Cooperative lacks eligibility under this section, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him/her to be removed there from as the case may be;
- J. The office of a trustee shall automatically become vacant if he/she misses as many as three (3) regular meetings of the Board of Trustees during any twelve (12) consecutive such meetings, unless the remaining trustees resolve that (1) there was good cause for such absences and (2) such cause shall not likely result in such absences during the ensuing twelve (12) consecutive regular Board Meetings;
- K. With respect to trustees elected after the adoption of these Bylaws, it shall be the duty of the Board of Trustees to remove any trustee and declare his/her office vacant if he/she fails to attend essential seminars, workshops, state, regional and national meetings without good cause shown or if the trustee does not demonstrate by his/her actions an understanding of and belief in cooperative principles and the cooperative way of doing business or if the trustee does not continue to support the continuity of the Cooperative
- L. Each trustee shall be subject to a Cooperative account payment review with respect to his/her account/s with the Cooperative as of December 31

of each year. Any trustee found to have an unsatisfactory account payment record shall be subject to removal from office by the remaining trustees;

- M. No employee or an employee's close relative will be eligible to serve as trustee for a minimum of five (5) years after the employee leaves the employment of the Cooperative.
- N. No trustee may become an employee of the Cooperative for a minimum of five (5) years after leaving the Board of Trustees;
- O. No person shall be eligible to become or remain a trustee of the Cooperative if such person, within the preceding five years, has owned, been employed by or been otherwise substantially financially interested in any for-profit or nonprofit energy utility, including a utility owned by a municipality, or other provider of energy, whether or not such energy utility or provider offers its services within the service area of the Cooperative;
- P. 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 of Trustees.

### **Corporate Policy Qualifications:**

No close relative of an existing employee of the Cooperative shall be eligible to be appointed or elected to the Board of Trustees. Close relatives shall mean one's first cousin or closer, including the relationship of parents, grandparents, mother or father-in-law, brother or sister, brother or sister-in-law, uncle, aunt, nephew, niece, spouse, or any other family members living in the same household.

### **Other Qualifications:**

Trustee candidates should be asked to provide biographical information for use by the Committee and the members in evaluating their qualifications.

To be considered for the Board of Trustees, a person should be able to make a meaningful contribution in carrying out the responsibilities of the Board. The following list of qualifications should be carefully considered:

- A. The Trustee candidate should possess and have demonstrated the following personal characteristics:
  - (1) Leadership in one's community;

- (2) High integrity and the respect of those residing in the district which is to be represented;
- (3) Sound judgment and ability to reason logically and clearly.
- (4) Maturity and understanding of others, their problems, and viewpoints.
- (5) Understanding of Cooperative principles and a belief in the Cooperative way of doing business, including:
  - A. The right of people to provide an essential service for themselves;
  - B. Member owned and controlled;
  - C. One member, one vote, without exception;
  - D. Non-profit operation.

### **Board Meeting & Trustee Requirements:**

- A. The Trustee candidate must be able and willing to give adequate time to attend Board meetings regularly and to attend other meetings on behalf of the Cooperative;
- B. The Trustee candidate must devote sufficient time to gain knowledge to make intelligent decisions on complex matters;
- C. The Trustee candidate should find time to study material mailed/mailed by the Cooperative to prepare for Board meeting deliberations;
- D. Recognize that the Board of Trustee may take action on behalf of the Cooperative only at board meetings and that individual Trustees have no authority at other times unless approved by the Board.
- E. Put on a different “hat” at Board meetings even if it means voting against the Trustee’s own personal interests;
- F. Represent the interest of the total membership on an impartial basis, not just those in the Trustee’s district;
- G. Support the decisions of the Board of Trustees, once arrived at by the majority action, even if the Trustee was strongly opposed to the action;
- H. Make an effort to achieve better understanding of and support for the Cooperative and it’s goals and objectives;
- I. Leave the operation of the Cooperative to the General Manger/CEO and his staff consistent with Board approved policies, work programs and budgets.

## **Policy Implementation:**

- A. It shall be disseminated and explained to the Cooperative's Nominating Committee each year, prior to its making nominations. The Committee will be urged to screen all persons considered for nomination as Trustees to ensure that they are qualified in accordance with this policy.
- B. Immediately after receipt of any nomination by petition, the Cooperative shall furnish the nominee with a copy of this Policy, Affirmation Form, and Questionnaire to ensure that the nominee is qualified in accordance with it.
- C. The Board, in filling any vacancies occurring on the Board, shall ensure that an appointed Trustee is first fully apprised of this Policy and is qualified in accordance with it.
- D. In any event, all persons actually nominated or being considered for appointment as Trustees shall, prior to election or appointment, be requested to read this policy and to execute the Affirmation form and Questionnaire which are attached hereto and made a part hereof.
- E. Every year prior to the meeting of the Nominating Committee, each incumbent whose office is not up for election at the forthcoming annual member meeting shall be requested to review this policy and to execute or re-execute the Affirmation Form.

## **Policy Enforcement:**

Upon establishment of the fact that a nominee for Trustee lacks eligibility under the Bylaws, it shall be the duty of the Board of Trustees to disqualify him/her. Upon the establishment of the fact that any person being considered for, or already holding, a Trusteeship in the Cooperative lacks eligibility under the Bylaws, it shall be the duty of the Board of Trustees to withhold such position from such person, or to cause him/her to be removed therefrom as the case may be.

The office of a Trustee shall automatically become vacant if he/she misses as many as three regular meetings of the Board of Trustees during any twelve consecutive such meetings, unless the remaining Trustees resolve that (i) there was a good cause for such absences, and (ii) such cause shall not likely result in such absences during the ensuing twelve consecutive regular Board meetings.

It shall be the duty of the Board of Trustees to remove any Trustee and declare his/her office vacant if he/she fails to attend essential seminars, workshops, state, regional and national meetings, without good cause



shown or if the Trustee does not demonstrate by his/her actions and understanding of and belief in Cooperative principles and the Cooperative way of doing business or if the Trustee does not continue to support the continuity of the Cooperative.

If a review of a Cooperative account of a Trustee shows the Trustee to have an unsatisfactory payment record, the Trustee shall be subject to removal from office by the remaining Trustees.



## QUESTIONS CONCERNING QUALIFICATIONS FOR TRUSTEE

### Introduction:

Being a Trustee of Covington Electric Cooperative, Inc. (the Cooperative) is an important and exciting task. Certain specific qualifications to be eligible to become and remain a Trustee are set forth in the Cooperative's bylaws (Section 4.02). Another Bylaw (Section 4.10) prohibits a Trustee or relatives from receiving any compensation other than permitted per diem and reimbursement of expenses. In addition, general law imposes certain duties upon Trustees. The following questions are designed to assure that you are eligible to be a candidate for Trustee and to remain as Trustee if elected.

1. Full Name: \_\_\_\_\_

2. Address of Primary Residence: \_\_\_\_\_

3. Are you a member of the Cooperative? Yes \_\_\_\_\_ No \_\_\_\_\_

4. Do you receive electric service from the Cooperative at the above residence, under the conditions listed below?

- (a) No person shall be eligible to become or remain a trustee of the Cooperative who is an employee, a close relative of an incumbent trustee or of an employee of the Cooperative, or is not a member of the Cooperative in good standing (good standing meaning to have complied with all of the Membership Obligations described in Section 1.02 hereof) and has been receiving service from the cooperative at member's primary residence for not less than an uninterrupted period of one (1) year prior to the meeting of the Nominating Committee. Further, the member's primary residence must be located in the district for an uninterrupted period of not less than one (1) year prior to the meeting of the Nominating Committee, and if the member is elected to the Board of Trustees from said district, the member must maintain member's primary residence in the district throughout member's term of service.

Yes \_\_\_\_\_ No \_\_\_\_\_

5. A Trustee is responsible for, and must actively participate in, the management of the business and affairs of the Cooperative. The Board of Trustees of the Cooperative is quite active. It is anticipated that you will spend a minimum of **24 days** on an annual basis, at meetings of the board, general membership, committees and other bodies. (The biggest share of meetings are during the week when many people must be at work). Are you able to commit that amount of time to be actively involved in the affairs of the Cooperative?

Yes \_\_\_\_\_ No \_\_\_\_\_

6. Are you employed by, or financially interested (e.g., stock ownership) in a company which competes with the Cooperative or sells to the Cooperative items (such as poles, transformers, office equipment etc.) or a business substantially engaged in selling electrical appliances, equipment, fixtures or supplies primarily to members of the Cooperative.

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please explain \_\_\_\_\_

Do you, your close relatives, or any business entity involving you or your close relatives do business with the Cooperative in any way:

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please explain \_\_\_\_\_

\_\_\_\_\_

7. A Trustee has a duty of loyalty to the Cooperative and a fiduciary duty to act in the best interest of the Cooperative and its members as the Trustee reasonably believes to be the case under the circumstances. In connection with those duties, please answer the following questions:

Will you be able to act in the Cooperative's best interest even though the act of the Cooperative may conflict with your personal interests?

Yes \_\_\_\_\_ No \_\_\_\_\_

Comments: \_\_\_\_\_

\_\_\_\_\_

Do you have a commitment of loyalty to another commercial enterprise that may conflict with the Cooperative's best interests?

Yes \_\_\_\_\_ No \_\_\_\_\_

If yes, please explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



## Affirmation of Trustee Qualification

I, the undersigned, hereby state and affirm as follows:

1. I have read Covington Electric Cooperative Inc.,’s (the “Cooperative”) attached Board Trustee Eligibility Policy Statement, and all attachments thereto.
2. I am qualified in accordance with the Board Trustee Eligibility Policy to be nominated and elected or appointed as the Cooperative’s Trustee.
3. I, my close relatives, and any business in which I or my close relatives have an interest in do not do business with the Cooperative.
4. I am qualified to serve as such Trustee.
5. I have completed the “Questions Concerning Qualifications for Trustee” attached to this Affirmation of Trustee Qualification.

I have signed my name hereto and had the same witnessed this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_.

\_\_\_\_\_  
Signature

Witness:  
\_\_\_\_\_

Witness:  
\_\_\_\_\_

Address  
\_\_\_\_\_

Address  
\_\_\_\_\_

Telephone No.

Telephone No.

## OFFICIAL PETITION FOR DIRECTOR NOMINATION

We the undersigned members, in good standing of Covington Electric Cooperative, Inc. hereby petition to nominate as candidate for election to the Board of Trustees:

Name: \_\_\_\_\_

Address: \_\_\_\_\_ City: \_\_\_\_\_ Zip: \_\_\_\_\_

For this petition to be valid, it must be signed by at least 25 members of the cooperative. If a membership is jointly held, only one may sign the petition.

Member Name (Print)	Member Signature
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	
11.	
12.	
13.	
14.	

Member Name (Print)	Member Signature
15.	
16.	
17.	
18.	
19.	
20.	
21.	
22.	
23.	
24.	
25.	

**Verification**

STATE OF ALABAMA, COUNTY OF \_\_\_\_\_,

\_\_\_\_\_ of lawful age, being duly sworn upon his/her oath, states:

That he/she is the TRUSTEE Nominee above named; that he/she has read the above petition; and that the signatures contained in this petition are valid and true.

\_\_\_\_\_  
Signature of TRUSTEE Nominee

## Trustee Districts

**SECTION 4.05** Trustee Districts. The territory served by the Cooperative shall be divided into six (6) Trustee Districts. Each district shall be represented by one trustee receiving service from the Cooperative therein at his primary residential abode. The six districts are described as follows:

**District I** - All that part of Covington and Crenshaw counties being in Townships 5 and 6, Range 14; Townships 5 and 6, Range 15; Townships 5, 6, and 7, Range 16; and the West half of Townships 5, 6, and 7, Range 17.

**District II** - All that part of Covington County West of Yellow River, and West of a center line through Townships 3 and 4, Range 17.

**District III** - All that part of Covington, Coffee, and Crenshaw counties being served by the Cooperative West of White Water Creek, and West of the paved highway running from Elba to Samson, and East of a center line running North and South through Townships 5, 6, and 7, Range 17.

**District IV** - All West of the Elba-Samson paved highway and East of the center line running North and South through Townships 3 and 4, Range 17.

**District V** - All territory served by the Cooperative East of White Water Creek and the paved highway running from Elba to Samson.

**District VI** - Area served by the Cooperative in which Samson, Alabama, is located.